

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Somerset, New Jersey**

**COMPREHENSIVE ANNUAL**

**FINANCIAL REPORT**

**of the**

**Franklin Township Public Schools**

**Somerset, New Jersey**

**For The Fiscal Year Ended June 30, 2011**

**Prepared by**

**Business Office**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**INTRODUCTORY SECTION**

Letter of Transmittal	i-v
Organizational Chart	vi
Roster of Officials	vii
Consultants and Advisors	viii
Certificate of Achievement for Excellent in Financial Reporting	ix

**FINANCIAL SECTION**

Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-16

**Basic Financial Statements**

**A. District-wide Financial Statements**

A-1 Statement of Net Assets	17
A-2 Statement of Activities	18-19

**B. Fund Financial Statements**

*Governmental Funds*

B-1 Balance Sheet	20
B-2 Statement of Revenues, Expenditures, and Changes in Fund Balances	21
B-3 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances with the District-Wide Statements	22

*Proprietary Funds*

B-4 Statement of Net Assets	23
B-5 Statement of Revenues, Expenses, and Changes in Net Assets	24
B-6 Statement of Cash Flows	25

*Fiduciary Funds*

B-7 Statement of Fiduciary Net Assets	26
B-8 Statement of Changes in Fiduciary Net Assets	27

Notes to the Basic Financial Statements	28-53
---	-------

**REQUIRED SUPPLEMENTARY INFORMATION – PART II**

**C. Budgetary Comparison Schedules**

C-1 Budgetary Comparison Schedule – General Fund	54-60
C-1a Combining Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – Not Applicable	61
C-1b1 Schedule of Revenues, Expenditures and Changes in Fund Balance – General Fund – Education Jobs Fund – Budget and Actual	62
C-2 Budgetary Comparison Schedule – Special Revenue Fund	63
C-3 Budgetary Comparison Schedule – Notes to the Required Supplementary Information	64

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**REQUIRED SUPPLEMENTARY INFORMATION – PART II (Continued)**

**OTHER SUPPLEMENTARY INFORMATION**

**D. School Level Schedules (Not Applicable)**

**E. Special Revenue Fund**

E-1	Combining Schedule of Program Revenues and Expenditures Special Revenue Fund – Budgetary Basis	65-66
E-2	Schedule of Preschool Education Aid Expenditures – Budgetary Basis	67-68

**F. Capital Projects Fund**

F-1	Summary Schedule of Project Expenditures	69
F-2	Summary Schedule of Revenues, Expenditures and Changes in Fund Balance – Budgetary Basis	70
F-2a – F-2n	Schedule of Project Revenues, Expenditures and Project Balances and Project Status – Budgetary Basis	71-84

**G. Proprietary Funds**

*Enterprise Fund*

G-1	Statement of Net Assets	85
G-2	Statement of Revenues, Expenses and Changes in Net Assets	86
G-3	Statement of Cash Flows	87

*Internal Service Fund – Not Applicable*

**H. Fiduciary Funds**

H-1	Combining Statement of Net Assets	88
H-2	Combining Statement of Changes in Net Assets – Not Applicable	89
H-3	Student Activity Agency Fund Schedule of Receipts and Disbursements	89
H-4	Payroll Agency Fund Schedule of Receipts and Disbursements	90

**I. Long-Term Debt**

I-1	Schedule of Serial Bonds	91
I-2	Schedule of Obligations under Capital Leases – Not Applicable	92
I-3	Debt Service Fund Budgetary Comparison Schedule	93

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
TABLE OF CONTENTS**

**Page**

**J. STATISTICAL SECTION (Unaudited)**

**Introduction to the Statistical Section**

**Financial Trends**

J-1	Net Assets by Component	94
J-2	Changes in Net Assets	95-96
J-3	Fund Balances – Governmental Funds	97
J-4	Changes in Fund Balances – Governmental Funds	98
J-5	General Fund Other Local Revenue by Source	99

**Revenue Capacity**

J-6	Assessed Value and Actual Value of Taxable Property	100
J-7	Property Tax Rates	101
J-8	Principal Property Taxpayers	102
J-9	Property Tax Levies and Collections	103

**Debt Capacity**

J-10	Ratios of Outstanding Debt by Type	104
J-11	Ratios of Net General Bonded Debt Outstanding	105
J-12	Direct and Overlapping Government Activities Debt	106
J-13	Legal Debt Margin Information	107

**Demographic and Economic Information**

J-14	Demographic Statistics	108
J-15	Principal Employers	109

**Operating Information**

J-16	Full Time Equivalent District Employees by Function/Program	110
J-17	Operating Statistics	111
J-18	School Building Information	112-113
J-19	Schedule of Required Maintenance for School Facilities	114
J-20	Schedule of Insurance	115-117

**K. SINGLE AUDIT SECTION**

K-1	Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	118-119
K-2	Report on Compliance with Requirements that could have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133 and New Jersey OMB Circular 04-04-Independent Auditor's Report	120-121
K-3	Schedule of Expenditures of Federal Awards	122-123
K-4	Schedule of Expenditures of State Financial Assistance	124-125
K-5	Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance	126-127
K-6	Schedule of Findings and Questioned Costs	128-132
K-7	Summary Schedule of Prior Year Findings and Questioned Costs	133

## **INTRODUCTORY SECTION**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
1755 AMWELL ROAD  
SOMERSET, NEW JERSEY 08873

TELEPHONE  
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November 16, 2011

Honorable President and  
Members of the Board of Education  
Franklin Township School District  
1755 Amwell Road  
Somerset, New Jersey

Dear Board Members:

The Comprehensive Annual Financial Report (CAFR) of the Franklin Township School District (District) for the fiscal year ended June 30, 2011 is hereby submitted. Responsibility for both the accuracy of the data and completeness and fairness of the presentation, including all disclosures, rests with the management of the Board of Education (Board). To the best of our knowledge and belief, the data presented in this report is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the District. All disclosures necessary to enable the reader to gain an understanding of the District's financial activities have been included.

Governmental Accounting Standards Board (GASB) requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. Franklin Township Public School's MD&A can be found immediately following the "Independent Auditor's Report".

The comprehensive annual financial report is presented in four sections: introductory, financial, statistical and single audit. The introductory section includes this transmittal letter, the District's organizational chart and a list of principal officials. The financial section includes the independent auditor's report, management's discussion and analysis (MD&A) and the basic financial statements including the district-wide financial statements presented in conformity with Governmental Accounting Standards Board Statement No. 34. The basic financial statements also include individual fund financial statements, notes to the financial statements and required supplemental information (RSI). The statistical section includes selected financial and demographic information, generally presented on a multi-year basis.

The District is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and the U.S. Office of Management and Budget Circular A-133, "*Audits of State and Local Governments*" and the state Treasury Circular Letter 04-04 OMB, "*Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid Payments*". Information related to this single audit, including the auditor's report on the internal control structure and compliance with applicable laws and regulations and findings and recommendations, are included in the single audit section of this report.

**REPORTING ENTITY AND ITS SERVICES**

The Franklin Township Public School District is a Pre-K-12 educational system, comprised of nine (9) schools, approximately eight thousand (8,000) students and approximately one thousand two hundred (1,200) staff.

The school system provides a comprehensive educational program including: advanced placement courses, academic intervention services, bilingual instruction in Spanish and Gujarati, English as a second language, differentiated instruction, and special education.

Extended day programs are offered at all schools and include academic enrichment, tutorial support, performing arts groups, and recreational activities. A fee-based before and after school child care program is provided in grades K-6. At the secondary level an extensive interscholastic athletic program for individual and team sports and a wide variety of co-curricular activities including a performing arts program composed of an orchestra, marching, concert, and jazz bands, guitar ensemble, chorus, madrigal singers, art exhibits and theatrical productions.

**ECONOMIC CONDITION AND OUTLOOK**

Franklin Township is experiencing a period of growth and expansion. The 2000 census of Franklin Township indicated a population of 50,903. The 2010 census of Franklin Township indicated a population of 62,300. This represents a 22% increase in the population over a ten (10) year period.

The school district has annually engaged the services of an education consultant to conduct an enrollment projection. The consultant's report to the Board of Education is on file with the District.

**MAJOR BUILDING PROJECTS/RENOVATIONS 2010-2011**

The status of major building projects and/or renovations for the 2010-2011 school year is as follows:

- Franklin High School – Installed new baseball backstop - \$15,575.00
- Franklin Middle School – Installed 181 classroom security intruder locks -\$44,035.00
- Franklin Middle School – Installed new P.A. System - \$28,631.90
- Franklin Middle School – Repaired and filled structural cracks in the track - \$9,375.00
- Hillcrest School – Removed and replaced approximately 1500 sq. ft of concrete sidewalks and curbing in front of the school - \$16,325.00
- MacAfee School – Installed 115 energy efficient light replacement fixtures - \$5,739.65
- Sampson G. Smith School – Converted a locker room into a Professional Development Room - \$7,585.44

**MAJOR ACCOMPLISHMENTS**

Special congratulations to the nine teachers selected as recipients of the Franklin Township Teacher Recognition Award. The recipients for 2010-2011 are:

Gwendoline Duralek	Franklin High School
Chester Smith	Franklin Middle School
Christine Campanale	Sampson G. Smith School
Kerrie Visscher	Franklin Park School
Shana Ponna	Elizabeth Avenue School



Dawn Richardson  
Lori Gross  
Laura Moley  
Barbara Moreno

Conerly Road School  
Hillcrest School  
MacAfee Road School  
Pine Grove Manor School

## **ANNUAL STANDARDIZED TESTING REPORT – 2010-2011**

Franklin Township Public Schools issues an annual test report based on academic assessments of all students in testing years (grades 3-8, 11).

Under the Federal requirements of No Child Left Behind, our district administers State assessments in grades 3, 4, 5, 6, 7 and 8 (NJ Assessment of Skills and Knowledge) and 11 (High School Proficiency Assessment). The test results are disaggregated by the following indicators: total population, students with disabilities, limited English proficient, economically disadvantaged, as well as ethnic subgroups.

A comprehensive report, which is on file in the office of the Superintendent, is issued annually to the public and Board of Education. A copy is included in the district Quality Single Accountability Continuum Report as required by the State.

## **INTERNAL ACCOUNTING CONTROLS**

Management of the District is responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the District are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles (GAAP). The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

As a recipient of federal and state financial assistance, the District also is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is also subject to periodic evaluation by the District management.

As part of the District's single audit, described earlier, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the District has complied with applicable laws and regulations.

## **BUDGETARY CONTROLS**

In addition to internal accounting controls, the District maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the voters of the municipality. Annual appropriated budgets are adopted for the general fund, the special revenue fund, and the debt service fund. Budgets approved for capital improvement projects are accounted for in the capital projects fund. The final budget amount as amended for the fiscal year is reflected in the financial section.

An encumbrance accounting system is used to record outstanding purchase commitments on a line item basis. Open encumbrances at year-end are either canceled or are included as reappropriations of fund balance in the subsequent year. Those amounts to be reappropriated are reported as reservations of fund balance at fiscal year end.



## **CASH MANAGEMENT**

The investment policy of the District is guided in large part by state statute, as detailed in "Notes to the Basic Financial Statements". The District has adopted a cash management plan, which requires it to deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act ("GUDPA") or on deposit with the New Jersey Cash Management Fund. GUDPA was enacted in 1970 to protect government units from a loss of funds on deposit with a failed banking institution in New Jersey. The law requires governmental units to deposit public funds only in public depositories located in New Jersey, where the funds are secured in accordance with the Act.

## **RISK MANAGEMENT**

The Board carries various forms of insurance, including but not limited to general liability, automobile liability and comprehensive/collision, hazard and theft insurance on property and contents, and fidelity bonds. The District is self-insured for workers' compensation. An independent company administers benefit claims for the District self-insurance plan. A schedule of insurance in force at June 30, 2010 is included in the statistical section of this report.

## **INDEPENDENT AUDIT**

State statutes require an annual audit by independent certified public accountants or registered municipal accountants. The accounting firm of Lerch, Vinci & Higgins, LLP was selected by the Board. In addition to meeting the requirements set forth in state statutes, the audit also was designed to meet the requirements of the Single Audit Act Amendments of 1996 and the related OMB Circular A-133 and New Jersey OMB Circular 04-04. The auditor's report on the basic financial statements and combining individual fund statements and schedules is included in the financial section of this report. The auditor's reports related specifically to the single audit are included in the single audit section of this report.

## **AWARDS**

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the Franklin Township School District for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2010. This is the fourteenth consecutive year that the District received this award. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. The CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.


A Certificate of Achievement is valid for a period of one year only. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA.

## **ACKNOWLEDGEMENTS**

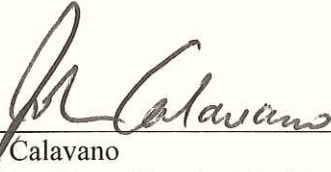
We would like to express our appreciation to the members of the Franklin Township School Board for their concern in providing fiscal accountability to the citizens and taxpayers of the school district and

thereby contributing their full support to the development and maintenance of our financial operation. The preparation of this report could not have been accomplished without the efficient and dedicated services of our financial and accounting staff.

Respectfully submitted,

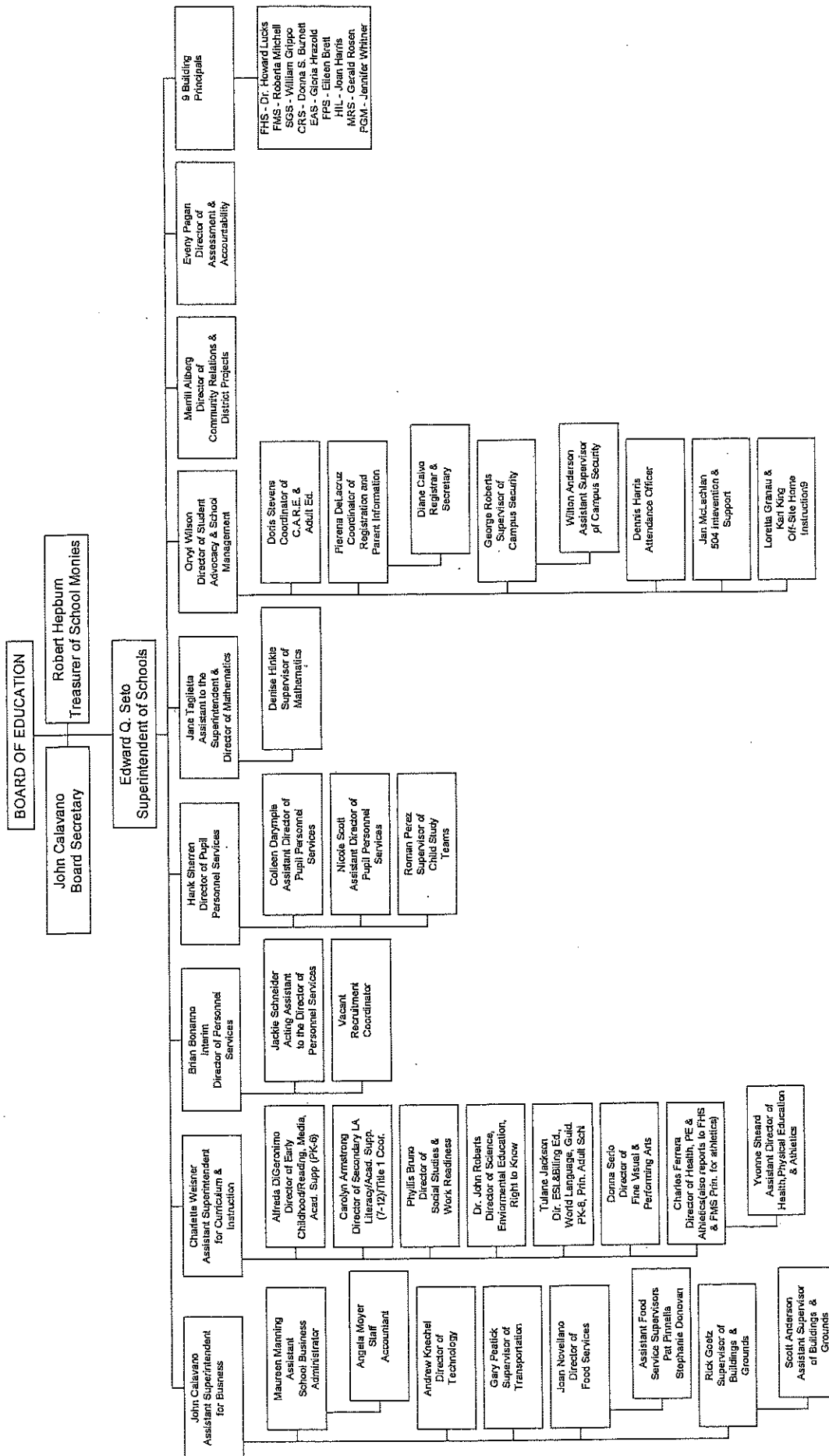


Edward Q. Seto  
Superintendent of Schools



John Calavano  
Assistant Superintendent for Business

# Franklin Township Board of Education Organizational Chart



# FRANKLIN TOWNSHIP SCHOOL DISTRICT

Somerset, New Jersey

## ROSTER OF OFFICIALS

June 30, 2011

<b>Members of the Board of Education</b>	<b>Term Expires</b>
Teletha A. Brown, President	2012
Julia M. Presley, Vice President	2013
Richard E. Arline	2012
Devlin Burton	2014
Nancy LaCorte	2012
Thomas J. Lewis	2013
Eva M. Nagy	2014
Richard Seamon	2013
Keisha Smith-Carrington	2014

### **Other Officials**

Edward Q. Seto, Superintendent

John Calavano, Assistant Superintendent for Business/Board Secretary

Kim Esterman, Treasurer

Russell Weiss, Jr., Esq., Solicitor

**FRANKLIN TOWNSHIP SCHOOL DISTRICT**  
Consultants and Advisors

**Architect**

Design Resources Group, AIA, Inc.  
2 Worlds Fair Drive, Suite 205  
Somerset, NJ 08873

**Audit Firm**

Lerch, Vinci & Higgins, LLP  
17-17 Route 208 North  
Fair Lawn, NJ 07410

**Attorney**

Parker McCay, P.A.  
Building Four East, Suite 102A  
1009 Lenox Drive  
Lawrenceville, NJ 08648

**Official Depositories**

Bank of America  
630 Franklin Boulevard  
Somerset, NJ 08873

TD Bank  
3221 Route 27  
Franklin Park, NJ 08823

PNC  
657 Franklin Boulevard  
Somerset, NJ 08873

# Certificate of Achievement for Excellence in Financial Reporting

Presented to  
Franklin Township Public Schools  
New Jersey

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2010

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



*Linda C. Davidson*

President

*Jeffrey R. Emer*

Executive Director

## **FINANCIAL SECTION**



# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

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ROBERT W. HAAG, CPA, PSA  
DEBORAH K. LERCH, CPA, PSA  
DEBRA GOLLE, CPA  
CINDY JANACEK, CPA, RMA  
RALPH M. PICONE, CPA, RMA, PSA  
EDWARD N. KERE, CPA

## INDEPENDENT AUDITOR'S REPORT

Honorable President and Members  
of the Board of Trustees  
Franklin Township Public Schools  
Somerset, New Jersey

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Board of Education's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Board of Education's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in the Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to previously present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of June 30, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 16, 2011 on our consideration of the Franklin Township Public Schools' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Franklin Township Public Schools' basic financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, financial schedules and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations" and New Jersey OMB's Circular 04-04, "Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid", and are also not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules of expenditures of federal awards and state financial assistance are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole. The introductory section, financial schedules and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.



LERCH, VINCI & HIGGINS, LLP

Certified Public Accountants

Public School Accountants



Donna J. Japhet

Public School Accountant

PSA Number CS02314

Fair Lawn, New Jersey  
November 16, 2011

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

This section of the Franklin Township Public Schools' comprehensive annual financial report presents our discussion and analysis of the District's financial performance during the fiscal year that ended on June 30, 2011. Please read it in conjunction with the transmittal letter at the front of this report and the District's financial statements, which immediately follows this section.

The Management's Discussion and Analysis (MD&A) is an element of Required Supplementary Information specified in the Governmental Accounting Standard Board's (GASB) Statement No. 34 – Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Certain comparative information between the current year (2010-2011) and the prior year (2009-2010) is required to be presented in the MD&A.

**FINANCIAL HIGHLIGHTS**

Key financial highlights for the 2010-2011 fiscal year include the following:

- The assets of the Franklin Township Public Schools exceeded its liabilities at the close of the fiscal year by \$41,574,882 (net assets).
- Overall revenues were \$148,487,447. General revenues accounted for \$124,889,498 or 84% of all revenues. Program specific revenues in the form of charges for services and grants and contributions accounted for \$23,597,949 or 16% of total revenues.
- The school district had \$143,088,814 in expenses for governmental activities; only \$19,995,180 of these expenses was offset by program specific charges, grants or contributions. General revenues (predominantly property taxes) of \$124,887,071 were adequate to provide for these programs.
- As of the close of the current fiscal year, the District's governmental funds reported a combined ending fund balance of \$2,657,674.
- The General Fund fund balance at June 30, 2011 was \$2,632,563 a decrease of \$173,787 when compared with the beginning balance at July 1, 2010.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

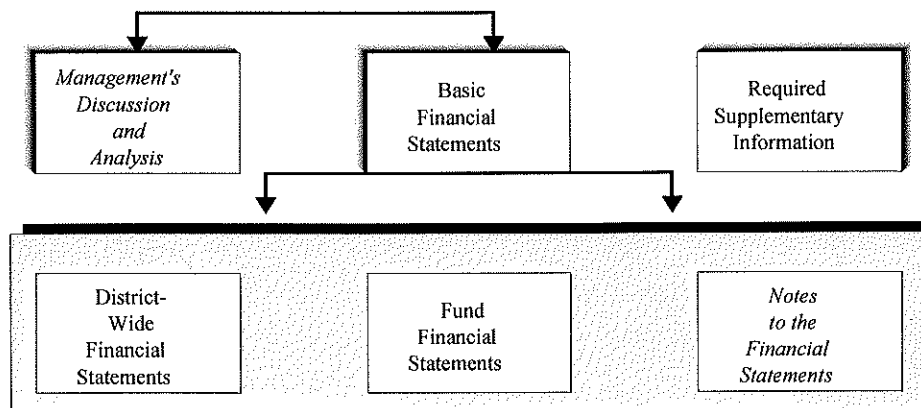
**OVERVIEW OF THE FINANCIAL STATEMENTS**

The financial section of the annual report consists of four parts – Independent Auditor's Report, required supplementary information which includes the management's discussion and analysis (this section), the basic financial statements, and supplemental information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two statements are district wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the district-wide statements.
  - The governmental funds statements tell how basic services were financed in the short term as well as what remains for future spending.
  - Proprietary funds statements offer short-term and long-term financial information about the activities the district operated like businesses.
  - Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others to whom the resources belong.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. Figure A-1 shows how the various parts of this annual report are arranged and related to one another.

**Figure A-1**



# FRANKLIN TOWNSHIP PUBLIC SCHOOLS SOMERSET, NEW JERSEY

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

Figure A-2 summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

**Figure A-2**

Major Features of the District-Wide and Fund Financial Statements

	District-Wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire district (except fiduciary funds)	The activities of the district that are not proprietary or fiduciary, such as regular and special education and building maintenance, food service and community education.	Activities the district operates similar to private businesses: Enterprise funds	Instances in which the district administers resources on behalf of someone else, such as Unemployment, Payroll Agency, and Student Activities
Required financial statements	Statements of net assets Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net assets Statement of revenue, expenses, and changes in fund net assets Statement of cash flows	Statements of fiduciary net assets Statement of changes in fiduciary net assets
Accounting Basis and Measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally assets expected to be utilized and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term funds do not currently contain capital assets.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable.	All revenues and expenses during the year, regardless of when cash is received or paid.	All additions and deductions during the year, regardless of when cash is received or paid.

### District-Wide Financial Statements

The district-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the District's assets and liabilities. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two district-wide statements report the District's net assets and how they have changed. Net assets – the difference between the District's assets and liabilities – is one way to measure the District's financial health or position.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**District-Wide Financial Statements (continued)**

- Over time, increases or decreases in the District's net assets are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the overall health of the District you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the district-wide financial statements the District's activities are shown in two categories:

- *Governmental Activities* – Most of the District's basic services are included here, such as regular and special education, transportation, administration and plant operations and maintenance. Property taxes and state aids finance most of these activities.
- *Business Type Activities* – These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The District's Food Service Fund, Cultural Arts Recreation Enrichment Fund (C.A.R.E.) Fund and Adult School Fund.

**Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds – focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and bond covenants.
- The District establishes other funds in accordance with the State of New Jersey Uniform Chart of Accounts to control and manage money for particular purposes or to show that it is properly using certain revenues (federal and state grants).

The District has three kinds of funds:

- *Governmental Funds* – Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, we provide additional information at the bottom of the governmental funds statements that explains the relationship (or differences) between them.
- *Proprietary Funds* – Services for which the District charges a fee are generally reported in proprietary funds. Proprietary funds are reported in the same way as the district-wide statements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Fund Financial Statements (continued)**

*Enterprise Funds* – This fund is established to account for operations that are financed and operated in a manner similar to private business enterprises. The stated intent is that costs of providing goods or services to the students on a continuing basis are financed or recovered primarily through user charges. The District currently has three enterprise funds.

- Food Service (Cafeteria)
- Adult School
- Cultural Arts Recreation Enrichment (C.A.R.E.)

• *Fiduciary funds* – The District is the trustee, or fiduciary, for assets that belong to others. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. All of the District's fiduciary activities are reported in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. We exclude these activities from the district-wide financial statements because the District cannot use these assets to finance its operations.

**Notes to the Basic Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements. The notes to the basic financial statements can be found following the basic financial statements.

**Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the District's budget process. The District adopts an annual expenditure budget for the general, special revenue and debt service funds. A budgetary comparison statement has been provided for these funds as required supplementary information. The required supplementary information can be found following the notes to the financial statements.

Combining statements and schedules are presented immediately following the major budgetary comparisons.

**DISTRICT-WIDE FINANCIAL ANALYSIS**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the District, assets exceeded liabilities by \$41,574,882 as of June 30, 2011. See Table A-1.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

By far the largest portion of the District's net assets reflects its investment in capital assets (e.g., land and improvements, buildings and improvements, vehicles, furniture and equipment); less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to its students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

**Table A-1  
Net Assets  
As of June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Current Assets	\$ 9,180,567	\$ 8,569,679	\$ 1,785,511	\$ 1,186,454	\$ 10,966,078	\$ 9,756,133
Capital Assets	<u>83,593,502</u>	<u>84,170,985</u>	<u>252,883</u>	<u>290,826</u>	<u>83,846,385</u>	<u>84,461,811</u>
<b>Total Assets</b>	<u>92,774,069</u>	<u>92,740,664</u>	<u>2,038,394</u>	<u>1,477,280</u>	<u>94,812,463</u>	<u>94,217,944</u>
Long-Term Liabilities	45,946,115	49,344,837			45,946,115	49,344,837
Other Liabilities	<u>6,526,608</u>	<u>4,887,918</u>	<u>764,855</u>	<u>184,105</u>	<u>7,291,463</u>	<u>5,072,023</u>
<b>Total Liabilities</b>	<u>52,472,723</u>	<u>54,232,755</u>	<u>764,855</u>	<u>184,105</u>	<u>53,237,578</u>	<u>54,416,860</u>
Net Assets						
Invested in capital assets, net of related debt	41,107,004	38,398,886	252,883	290,826	41,359,887	38,689,712
Restricted	494,561	469,197			494,561	469,197
Unrestricted	<u>(1,300,219)</u>	<u>(360,174)</u>	<u>1,020,653</u>	<u>1,002,349</u>	<u>(279,566)</u>	<u>642,175</u>
<b>Total Net Assets</b>	<u>\$ 40,301,346</u>	<u>\$ 38,507,909</u>	<u>\$ 1,273,536</u>	<u>\$ 1,293,175</u>	<u>\$ 41,574,882</u>	<u>\$ 39,801,084</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Table A-2  
Change in Net Assets  
For The Fiscal Years Ended June 30, 2011 and 2010**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Revenues</b>						
Program Revenues						
Charges for Services	\$ 151,906	\$ 117,210	\$ 2,108,501	\$ 2,201,654	\$ 2,260,407	\$ 2,318,864
Operating Grants and Contributions	19,604,323	24,635,038	1,494,268	1,362,697	21,098,591	25,997,735
Capital Grants and Contributions	238,951			16,882	238,951	16,882
General Revenues						
Property Taxes	118,778,423	113,331,653			118,778,423	113,331,653
State and Federal Aid	5,635,918	4,675,225			5,635,918	4,675,225
Other	472,730	333,100	2,427	4,104	475,157	337,204
<b>Total Revenues</b>	<b>144,882,251</b>	<b>143,092,226</b>	<b>3,605,196</b>	<b>3,585,337</b>	<b>148,487,447</b>	<b>146,677,563</b>
<b>Expenses</b>						
Instruction						
Regular	51,187,383	51,800,496			51,187,383	51,800,496
Special Education	25,441,211	24,657,000			25,441,211	24,657,000
Vocational Education-Tuition	313,672	283,705			313,672	283,705
School Sponsored Activities and Athletics	4,702,223	1,635,318			4,702,223	1,635,318
Other Instruction	1,552,538	4,973,648			1,552,538	4,973,648
Support Services						
Student and Instruction Related Services	19,965,665	17,932,549			19,965,665	17,932,549
School Administrative Services	5,950,228	6,107,929			5,950,228	6,107,929
General Administrative Services	2,201,551	1,994,328			2,201,551	1,994,328
Plant Operations and Maintenance	14,312,598	14,671,738			14,312,598	14,671,738
Pupil Transportation	12,834,232	12,727,188			12,834,232	12,727,188
Business and Other Support Services	2,636,473	2,991,567			2,636,473	2,991,567
Interest on Long-Term Debt	1,991,040	2,020,812			1,991,040	2,020,812
Food Service			2,666,604	2,552,877	2,666,604	2,552,877
Other-Business Activities	-	-	958,231	1,070,534	958,231	1,070,534
<b>Total Expenses</b>	<b>143,088,814</b>	<b>141,796,278</b>	<b>3,624,835</b>	<b>3,623,411</b>	<b>146,713,649</b>	<b>145,419,689</b>
<b>Change in Net Assets</b>	<b>1,793,437</b>	<b>1,295,948</b>	<b>(19,639)</b>	<b>(38,074)</b>	<b>1,773,798</b>	<b>1,257,874</b>
<b>Net Assets, Beginning of Year</b>	<b>38,507,909</b>	<b>37,211,961</b>	<b>1,293,175</b>	<b>1,331,249</b>	<b>39,801,084</b>	<b>38,543,210</b>
<b>Net Assets, End of Year</b>	<b>\$ 40,301,346</b>	<b>\$ 38,507,909</b>	<b>\$ 1,273,536</b>	<b>\$ 1,293,175</b>	<b>\$ 41,574,882</b>	<b>\$ 39,801,084</b>

# FRANKLIN TOWNSHIP PUBLIC SCHOOLS SOMERSET, NEW JERSEY

## Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2011

**Governmental Activities.** The District's total governmental activities' revenues, which includes State and Federal grants, were \$144,882,251 for the year ended June 30, 2011, a 1 percent increase from the previous year. Property taxes of \$118,778,423 represented 82% of revenues. Another portion of revenues came from State aid; total State, Federal and formula aid was \$25,240,241. The balance of revenues is charges for transportation services (\$4,113), charges for tuition (\$133,882), rentals \$(13,911), capital grants and contributions (\$238,951) and miscellaneous income (\$472,730) which includes items such as investment earnings, prior year refunds, etc.

The total cost of all governmental activities programs and services was \$143,088,814. The District's expenses are predominantly related to educating and caring for students. Instruction totaled \$83,197,027 (58%) of total expenditures. Student and Instruction Related Services totaled \$19,965,665 or (14%) of total expenditures (See Table A-4).

Total governmental activities revenues exceed expenses resulting in net assets increasing \$1,793,437 from the previous year.

Table A-3 Revenues by Source- Governmental Activities  
For Fiscal Year 2011

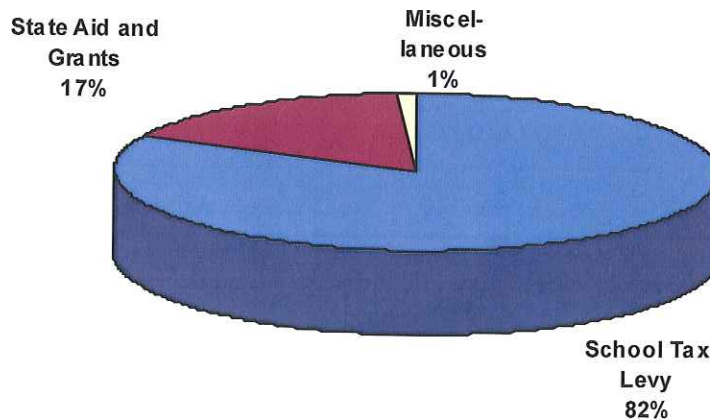
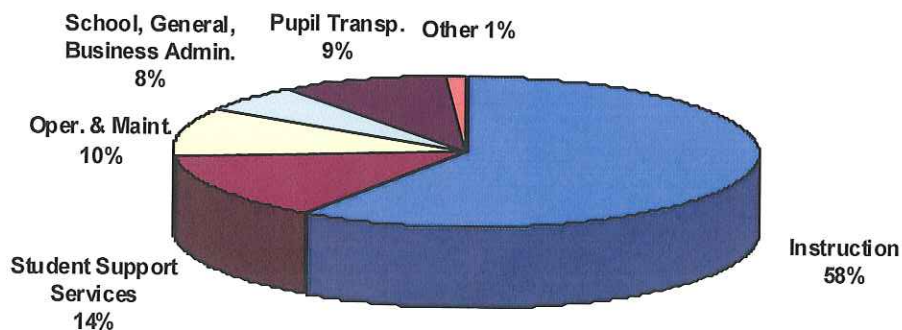


Table A-4 Expenditures by Type- Governmental Activities  
For Fiscal Year 2011



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Net Cost of Governmental Activities.** The District's total cost of services was \$143,088,814. After applying program revenues, derived from charges for services of \$151,906 and operating grants and contributions of \$19,604,323 and capital grants and contributions of \$238,951, the net cost of services of the District is \$123,093,634. See Table A-5.

**Table A-5  
Total and Net Cost of Governmental Activities  
For the Fiscal Years Ended June 30, 2011 and 2010**

	<u>Total Cost of Services</u>		<u>Net Cost of Services</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
<b>Instruction</b>				
Regular	\$ 51,187,383	\$ 51,800,496	\$ 43,324,027	\$ 43,062,024
Special Education	25,441,211	24,657,000	17,905,120	16,691,829
Vocational Education-Tuition	313,672	283,705	313,672	283,705
School Sponsored Activities and Athletics	1,552,538	1,635,318	1,053,551	290,271
Other Instruction	4,702,223	4,973,648	4,554,477	4,442,798
<b>Support Services</b>				
Student and Instruction Related Services	19,965,665	17,932,549	17,382,377	17,263,507
School Administrative Services	5,950,228	6,107,929	5,598,818	5,747,206
General Administrative Services	2,201,551	1,994,328	2,201,551	1,994,328
Plant Operations and Maintenance	14,312,598	14,671,738	13,831,648	9,538,271
Pupil Transportation	12,834,232	12,727,188	12,300,880	12,717,712
Business and Other Support Services	2,636,473	2,991,567	2,636,473	2,991,567
Interest on Long-Term Debt	<u>1,991,040</u>	<u>2,020,812</u>	<u>1,991,040</u>	<u>2,020,812</u>
<b>Total</b>	<b><u>\$ 143,088,814</u></b>	<b><u>\$ 141,796,278</u></b>	<b><u>\$ 123,093,634</u></b>	<b><u>\$ 117,044,030</u></b>

**Business-Type Activities** – The District's total business-type activities revenues were \$3,605,196 for the year ended June 30, 2011. Charges for services accounted for 59% of total revenues. Operating grants and contributions of \$1,494,268 accounted for 41% of total revenue for the year. The balance of the revenues, \$2,427, represents investment earnings.

The total cost of all business-type activities programs and services was \$3,624,835. The District's expenses are related to Food Service programs provided to all students, teachers and administrators and the operation of C.A.R.E. and adult education programs within the District.

Total business-type activities expenses exceeded revenues decreasing net assets by \$19,639 over the last year.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unrestricted fund balance may serve as a useful measure of the District's net resources available for spending at the end of the fiscal year.

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year ended June 30, 2011, its governmental funds reported a combined fund balance of \$2,657,674. At June 30, 2010, the fund balance was \$3,643,204.

Revenues and other financing sources for the District's governmental funds were \$144,882,251, while total expenditures were \$145,867,781 for the fiscal year ended June 30, 2011.

**General Fund** - The General Fund is the chief operating fund of the District and includes the primary operations in providing educational services to students from pre-kindergarten through grade 12 including pupil transportation activities and capital outlay projects.

The following schedule presents a summary of General Fund Revenues.

	Year Ended <u>June 30, 2011</u>	Year Ended <u>June 30, 2010</u>	Amount of Increase (Decrease)	Percent Increase (Decrease)
Local Sources				
Property Tax Levy	\$ 113,522,271	\$ 107,858,613	\$ 5,663,658	5%
Interest	104,097	147,413	(43,316)	-29%
State/Federal Sources	19,377,867	24,408,531	(5,030,664)	-21%
Miscellaneous	<u>520,540</u>	<u>302,896</u>	<u>217,644</u>	72%
Total General Fund Revenues	<u>\$ 133,524,775</u>	<u>\$ 132,717,453</u>	<u>\$ 807,322</u>	1%

Total General Fund Revenues increased by \$807,322 or less than 1% over the previous year.

Local property taxes increased 5% over the previous year. State and federal aid revenues decreased \$5,030,664 or 21% predominantly attributable to decreases in state aid allotments from the year ended June 30, 2010.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

Interest income revenues significantly decreased due to a considerable decrease in interest rates on bank balances and slightly lower available cash balances.

Miscellaneous revenues increased due to onetime revenues such as cancellation of prior year payables and refunds on prior year expenditures as well as an increase in tuition received from the State of New Jersey and other LEAs.

The following schedule presents a summary of General Fund expenditures.

	<u>Year Ended June 30, 2011</u>	<u>Year Ended June 30, 2010</u>	<u>Amount of Increase (Decrease)</u>	<u>Percent Increase (Decrease)</u>
Instruction	\$ 77,623,214	\$ 77,972,556	\$ (349,342)	(1)%
Support and Undistributed Services	55,920,298	54,397,165	1,523,133	3%
Capital Outlay	<u>155,050</u>	<u>387,591</u>	<u>(232,541)</u>	(60)%
Total Expenditures	<u>\$ 133,698,562</u>	<u>\$ 132,757,312</u>	<u>\$ 941,250</u>	1%

Total General Fund expenditures increased \$941,250 or 1% from the previous year.

In 2010-2011, General Fund expenditures and other financing uses exceeded revenues and other financing sources by \$173,787. As a result, total fund balance decreased to \$2,632,563 at June 30, 2011. After deducting statutory transfers and reserves, the unrestricted, unassigned fund balance increases from a deficit of \$202,907 at June 30, 2010 to a deficit of \$161,953.

**Special Revenue Fund** - The Special Revenue Fund includes all restricted Federal and State sources utilized in the operations of the district in providing educational services to students with special needs.

Revenues of the Special Revenue Fund were \$5,862,373, for the year ended June 30, 2011. Federal sources accounted for the majority of Special Revenue Fund's revenue which represented 72% of the total revenue for the year.

Total Special Revenue Fund revenues increased \$960,640 or 20% from the previous year. State sources increased \$258,635 or 20% and Federal sources increased \$706,691 or 20%. Local sources decreased \$4,686.

Expenditures of the Special Revenue Fund were \$5,761,045. Instructional expenditures were \$3,750,752 or 65% and expenditures for the support services were \$1,235,482 or 21% of total expended for the year ended June 30, 2011. The remaining expenditures of \$774,811 (14%) were capital outlay acquisitions.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**Capital Projects** - The capital projects expenditures exceeded revenues by \$841,747 decreasing fund balance to \$25,111 at June 30, 2011.

**Proprietary Funds**

The District maintains the Enterprise Funds to account for activities which are supported in part through user fees.

**Enterprise Fund** - The District uses Enterprise Funds to report activities related to the Food Services programs as well as other business-type activities. The District's Enterprise Funds provides the same type of information found in the district-wide financial statements, business-type activities, but in more detail. Factors concerning the finances of this Fund have already been addressed in the discussion of the District's business-type activities.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The District's budget is prepared according to New Jersey Department of Education guidelines, and is based on accounting for certain transactions on the basis of cash receipts, disbursements and encumbrances. The most significant budgetary fund is the General Fund.

Over the course of the year, the District revised the annual operating budget several times. These budget amendments fall into two categories

- Implementing budgets for specially funded projects, which include both federal and state grants, reinstating prior year purchase orders being carried over, and appropriating additional unanticipated state aid.
- Increases in appropriations for the funding of capital projects approved in the Long-Range Facilities Plan.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**CAPITAL ASSETS**

The District's investment in capital assets for its governmental and business-type activities as of June 30, 2011 amounts to \$83,846,385 (net of accumulated depreciation). The capital assets consist of land, buildings and building improvements, computers, specialized machinery and various other types of equipment. Depreciation charges for fiscal year 2010-2011 amounted to \$2,588,042 for governmental activities and \$53,938 for business-type activities.

Table A-6  
Capital Assets at June 30, 2011 and 2010  
(Net of Accumulated Depreciation)

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
Improvements Other Than Buildings	\$ 1,984,242	\$ 2,261,308			\$ 1,984,242	2,261,308
Building and Building Improvements	79,945,943	79,842,492			79,945,943	79,842,492
Machinery and Equipment	1,647,831	2,051,343	\$ 252,883	\$ 290,826	1,900,714	2,342,169
Infrastructure	15,486	15,842	-	-	15,486	15,842
<b>Total Capital Assets, Net</b>	<b>\$ 83,593,502</b>	<b>\$ 84,170,985</b>	<b>\$ 252,883</b>	<b>\$ 290,826</b>	<b>\$ 83,846,385</b>	<b>\$ 84,461,811</b>

Additional information on the District's capital assets are presented in the "Notes to the Basic Financial Statements" of this report.

**LONG TERM LIABILITIES**

At year end, the District's long-term liabilities consisted of compensated absences payable of \$1,973,373, claims and judgments payable of \$768,262; and bonds payable of \$43,080,000.

Additional information on the District's long-term liabilities is presented in the "Notes to the Basic Financial Statements" of this report.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SOMERSET, NEW JERSEY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011**

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET AND RATES**

Many factors were considered by the District's administration during the process of developing the fiscal year 2010-2011 budget. The primary factors were the District's projected student population, anticipated state and federal aid as well as increasing special education costs, out of district tuition, tuition for charter schools, energy and employee related benefit costs.

**CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional information contact the Business Office, Franklin Township Public School, 1755 Amwell Road, Somerset, NJ 08873.

## **BASIC FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2011**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>ASSETS</b>			
Cash and Cash Equivalents	\$ 4,557,583	\$ 1,578,266	\$ 6,135,849
Receivables, net	3,338,067	146,985	3,485,052
Inventory		60,260	60,260
Internal Balances	515,190	(515,190)	-
Prepaid Items	51,745		51,745
Deferred Charge	717,982		717,982
Capital Assets Being Depreciated, Net	<u>83,593,502</u>	<u>252,883</u>	<u>83,846,385</u>
Total Assets	<u>92,774,069</u>	<u>1,523,204</u>	<u>94,297,273</u>
<b>LIABILITIES</b>			
Accounts Payable and Other Current Liabilities	4,531,528	178,144	4,709,672
Payable to Governments	47,946		47,946
Accrued Interest Payable	721,697		721,697
Unearned Revenue	1,225,437	71,524	1,296,961
Noncurrent Liabilities			
Due within one year	4,350,000		4,350,000
Due beyond one year	<u>41,596,115</u>	<u>-</u>	<u>41,596,115</u>
Total Liabilities	<u>52,472,723</u>	<u>249,668</u>	<u>52,722,391</u>
<b>NET ASSETS</b>			
Invested in Capital Assets, net of related debt	41,107,004	252,883	41,359,887
Restricted for			
Capital Projects	494,561		494,561
Unrestricted	<u>(1,300,219)</u>	<u>1,020,653</u>	<u>(279,566)</u>
Total Net Assets	<u>\$ 40,301,346</u>	<u>\$ 1,273,536</u>	<u>\$ 41,574,882</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total
<b>Governmental Activities</b>							
Instruction							
Regular	\$ 51,187,383	\$ 106,885	\$ 7,756,471		\$ (43,324,027)	\$	\$ (43,324,027)
Special Education	25,441,211	26,997	7,509,094		(17,905,120)		(17,905,120)
Vocational Education- Tuition	313,672				(313,672)		(313,672)
School Sponsored Activities and Athletics	4,702,223		147,746		(4,554,477)		(4,554,477)
Other Instruction	1,552,538		498,987		(1,053,551)		(1,053,551)
Support Services							
Student & Instruction Related Services	19,965,665		2,583,288		(17,382,377)		(17,382,377)
School Administrative Services	5,950,228		351,410		(5,598,818)		(5,598,818)
General Administrative Services	2,201,551				(2,201,551)		(2,201,551)
Plant Operations and Maintenance	14,312,598	13,911	228,088	\$ 238,951	(13,831,648)		(13,831,648)
Pupil Transportation	12,834,232	4,113	529,239		(12,300,880)		(12,300,880)
Business/Central & Other Support Services	2,636,473				(2,636,473)		(2,636,473)
Interest on Long-Term Debt	1,991,040	-	-	-	(1,991,040)	-	(1,991,040)
Total Governmental Activities	143,088,814	151,906	19,604,323	238,951	(123,093,634)	-	(123,093,634)
<b>Business-Type Activities</b>							
Food Service	2,666,604	1,217,436	1,494,268			\$ 45,100	45,100
C.A.R.E.	958,231	891,065				(67,166)	(67,166)
Other Business- Types	-	-	-	-	-	-	-
Total Business-Type Activities	3,624,835	2,108,501	1,494,268	-	-	(22,066)	(22,066)
Total Primary Government	\$ 146,713,649	\$ 2,260,407	\$ 21,098,591	\$ 238,951	(123,093,634)	(22,066)	(123,115,700)

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**STATEMENT OF ACTIVITIES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Net (Expense) Revenue and Changes in Net Assets</b>		
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Total Primary Government (Carried forward)	\$ (123,093,634)	\$ (22,066)	\$ (123,115,700)
<b>General Revenues</b>			
Property Taxes	113,522,271		113,522,271
Property Taxes, Levied for General Purposes	5,256,152		5,256,152
Taxes Levied for Debt Service	5,635,918		5,635,918
Federal and State Aid Unrestricted	104,097	2,427	106,524
Investment Earnings	368,633	-	368,633
Miscellaneous Income			
Total General Revenues	124,887,071	2,427	124,889,498
Change in Net Assets	1,793,437	(19,639)	1,773,798
Net Assets, Beginning of Year	38,507,909	1,293,175	39,801,084
Net Assets, End of Year	\$ 40,301,346	\$ 1,273,536	\$ 41,574,882

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

## **FUND FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GOVERNMENTAL FUNDS  
BALANCE SHEET  
AS OF JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>					
Cash and Cash Equivalents	\$ 4,556,933		\$ 650		\$ 4,557,583
Due from Other Funds	1,423,512		7,510		1,431,022
Receivables from Other Governments	437,875	\$ 2,453,607	376,386		3,267,868
Other Receivables	70,199				70,199
Prepaid Items	51,745	-	-	-	51,745
<b>Total Assets</b>	<b>\$ 6,540,264</b>	<b>\$ 2,453,607</b>	<b>\$ 384,546</b>	<b>\$ -</b>	<b>\$ 9,378,417</b>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 3,285,187	\$ 649,234			\$ 3,934,421
Accrued Salaries & Wages	545,011				545,011
Deposits Payable	50				50
Other Liabilities	52,046				52,046
Due to Other Funds	25,407	668,425	\$ 222,000		915,832
Payable to State Government		47,946			47,946
Deferred Revenue	-	1,088,002	137,435	-	1,225,437
<b>Total Liabilities</b>	<b>3,907,701</b>	<b>2,453,607</b>	<b>359,435</b>	<b>-</b>	<b>6,720,743</b>
<b>Fund Balances</b>					
<b>Nonspendable</b>					
Prepaid Expense	51,745				51,745
<b>Restricted</b>					
Capital Reserve Account	469,450				469,450
Capital Projects Fund			25,111		25,111
<b>Committed</b>					
Year End Encumbrances	95,106				95,106
<b>Assigned</b>					
Year End Encumbrances	178,215				178,215
Designated for Subsequent Year's Expenditures	2,000,000				2,000,000
<b>Unassigned</b>					
General Fund	(161,953)	-	-	-	(161,953)
<b>Total Fund Balances</b>	<b>2,632,563</b>	<b>-</b>	<b>25,111</b>	<b>-</b>	<b>2,657,674</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,540,264</b>	<b>\$ 2,453,607</b>	<b>\$ 384,546</b>	<b>\$ -</b>	

Amounts reported for *governmental activities* in the statement of net assets (A-1) are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. The cost of the assets is \$117,584,212 and the accumulated depreciation is \$33,990,710.

83,593,502

The District has financed capital assets through the issuance of serial bonds. The interest accrual at year end is:

(721,697)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds (see Note 2)

(45,228,133)

Net Assets of Governmental Activities

\$ 40,301,346

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Capital Projects Fund</u>	<u>Debt Service Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 113,522,271			\$ 5,256,152	\$ 118,778,423
Interest	104,097				104,097
Tuition	133,882				133,882
Transportation Fees	4,113				4,113
Miscellaneous	382,545	\$ 38,530	-	-	421,075
Total - Local Sources	114,146,908	38,530	-	5,256,152	119,441,590
State Sources	18,816,406	1,580,803	\$ 238,951		20,636,160
Federal Sources	561,461	4,243,040	-	-	4,804,501
Total Revenues	133,524,775	5,862,373	238,951	5,256,152	144,882,251
<b>EXPENDITURES</b>					
Current					
Regular Instruction	47,074,376	2,724,399			49,798,775
Special Education Instruction	23,983,055	1,026,353			25,009,408
Vocational Education Instruction- Tuition	290,720				290,720
Other Instruction	4,722,248				4,722,248
School-Sponsored Activities and Athletics	1,552,815				1,552,815
Support Services					
Student and Instruction Related Services	18,676,747	1,235,482			19,912,229
School Administrative Services	5,858,446				5,858,446
General Administrative Services	2,114,949				2,114,949
Plant Operations and Maintenance	13,943,526				13,943,526
Pupil Transportation	12,702,501				12,702,501
Business Central Services	2,624,129				2,624,129
Debt Service					
Principal				3,365,000	3,365,000
Interest and Other Charges				1,962,476	1,962,476
Capital Outlay	155,050	774,811	1,080,698	-	2,010,559
Total Expenditures	133,698,562	5,761,045	1,080,698	5,327,476	145,867,781
Excess (Deficiency) of Revenues Over Expenditures	(173,787)	101,328	(841,747)	(71,324)	(985,530)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers In					-
Transfers Out	-	-	-	-	-
Total Other Financing Sources and Uses	-	-	-	-	-
Net Change in Fund Balances	(173,787)	101,328	(841,747)	(71,324)	(985,530)
Fund Balance (Deficit), Beginning of Year	2,806,350	(101,328)	866,858	71,324	3,643,204
Fund Balance, End of Year	\$ 2,632,563	\$ -	\$ 25,111	\$ -	\$ 2,657,674

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
WITH THE DISTRICT-WIDE STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Total Net Change in Fund Balances - Governmental Funds (Exhibit B-2)** **\$ (985,530)**

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities those costs are shown in the statement and allocated over their estimated useful lives as annual depreciation expense. This is the amount by which depreciation exceeds capital outlay in the current period.

Capital Outlay	\$ 2,010,559	
Depreciation Expense	<u>(2,588,042)</u>	
		(577,483)

In the statement of activities, certain operating expenses - compensated absences and claims and judgements for self insurance claims - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (paid):

Compensated Absences, Net	(530)	
Claims and Judgements for Self Insurance Claims, Net	<u>20,544</u>	
		20,014

Repayment of debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not affect the statement of activities.

Bond Principal		3,365,000
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Governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

Amortization of Original Issue Premium		185,401
Amortization of Deferred Amount on Refunding		(171,693)
Amortization of Debt Issuance Costs		(93,107)

Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due.

Decrease in accrued interest		<u>50,835</u>
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**Change in Net Assets of Governmental Activities (Exhibit A-2)** **\$ 1,793,437**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET ASSETS**  
**AS OF JUNE 30, 2011**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Other Non-Major Adult Education Enterprise Fund</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>ASSETS</b>				
Current Assets				
Cash and Cash Equivalents	\$ 783,325	\$ 789,967	\$ 4,974	\$ 1,578,266
Intergovernmental Receivable				
State	3,228			3,228
Federal	111,679			111,679
Due from Other Funds	17,897			17,897
Other Receivables		32,078		32,078
Inventories	60,260	-	-	60,260
Total Current Assets	976,389	822,045	4,974	1,803,408
Capital Assets				
Equipment	846,391	50,780		897,171
Less: Accumulated Depreciation	(629,054)	(15,234)	-	(644,288)
Total Capital Assets, Net	217,337	35,546	-	252,883
Total Assets	1,193,726	857,591	4,974	2,056,291
<b>LIABILITIES</b>				
Current Liabilities				
Accounts Payable	17,897	34,297		52,194
Deposits Payable		125,950		125,950
Unearned Revenue	71,524			71,524
Due to Other Funds	-	533,087	-	533,087
Total Current Liabilities	89,421	693,334	-	782,755
<b>NET ASSETS</b>				
Invested in Capital Assets	217,337	35,546		252,883
Unrestricted	886,968	128,711	4,974	1,020,653
Total Net Assets	\$ 1,104,305	\$ 164,257	\$ 4,974	\$ 1,273,536

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Other Non-Major Adult Education Enterprise Fund</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>OPERATING REVENUES</b>				
Charges for Services				
Daily Sales	\$ 1,117,876			\$ 1,117,876
Special Functions	60,054			60,054
Program Fees		\$ 891,065		891,065
Miscellaneous	39,506	-	-	39,506
Total Operating Revenues	<u>1,217,436</u>	<u>891,065</u>	<u>-</u>	<u>2,108,501</u>
<b>OPERATING EXPENSES</b>				
Cost of Sales	985,089			985,089
Salaries and Employee Benefits	1,489,206	872,740		2,361,946
Other Purchased Services	31,803	5,950		37,753
Supplies and Materials	43,390	12,007		55,397
Depreciation	48,860	5,078		53,938
Miscellaneous	68,256	62,456	-	130,712
Total Operating Expenses	<u>2,666,604</u>	<u>958,231</u>	<u>-</u>	<u>3,624,835</u>
Operating Income (Loss)	<u>(1,449,168)</u>	<u>(67,166)</u>	<u>-</u>	<u>(1,516,334)</u>
<b>NONOPERATING REVENUES</b>				
State Sources				
School Lunch Program	36,580			36,580
Federal Sources				
National School Lunch Program	1,320,445			1,320,445
Breakfast Program	137,243			137,243
Interest and Investment Revenue	1,627	793	\$ 7	2,427
Total Nonoperating Revenues	<u>1,495,895</u>	<u>793</u>	<u>7</u>	<u>1,496,695</u>
Change in Net Assets	46,727	(66,373)	7	(19,639)
Net Assets, Beginning of Year	<u>1,057,578</u>	<u>230,630</u>	<u>4,967</u>	<u>1,293,175</u>
Net Assets, End of Year	<u>\$ 1,104,305</u>	<u>\$ 164,257</u>	<u>\$ 4,974</u>	<u>\$ 1,273,536</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPRIETARY FUNDS  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Food Service</u>	<u>C.A.R.E.</u>	<u>Other Non-Major Adult Education Enterprise Fund</u>	<u>Business-Type Activities Enterprise Fund Totals</u>
<b>Cash Flows from Operating Activities</b>				
Cash Received from Customers	\$ 1,275,740	\$ 874,344		\$ 2,150,084
Cash Received for Registration Deposits		10,950		10,950
Cash Payments for Refund of Registration Deposits		(4,600)		(4,600)
Cash Payments for Employees' Salaries and Benefits	(1,490,092)	(924,255)	\$ (568)	(2,414,915)
Cash Payments to Suppliers for Goods and Services	(989,255)	(86,256)	-	(1,075,511)
Net Cash Provided (Used) by Operating Activities	(1,203,607)	(129,817)	(568)	(1,333,992)
<b>Cash Flows from Noncapital Financing Activities</b>				
Cash Payments to General Fund	(17,897)		(27,346)	(45,243)
Cash Received from General Fund	36,207			36,207
Cash Received from State and Federal Subsidy Reimburse.	1,347,373	-	-	1,347,373
Net Cash Provided (Used) by Noncapital Financing Act.	1,365,683	-	(27,346)	1,338,337
<b>Cash Flows from Capital Financing Activities</b>				
Purchase of Capital Assets	(15,995)	-	-	(15,995)
Net Cash Used by Capital Financing Activities	(15,995)	-	-	(15,995)
<b>Cash Flows from Investing Activities</b>				
Interest on Investments	1,627	793	7	2,427
Net Cash Provided by Investing Activities	1,627	793	7	2,427
Net Increase/(Decrease) in Cash and Cash Equivalents	147,708	(129,024)	(27,907)	(9,223)
Cash and Cash Equivalents, Beginning of Year	635,617	918,991	32,881	1,587,489
Cash and Cash Equivalents, End of Year	\$ 783,325	\$ 789,967	\$ 4,974	\$ 1,578,266
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating Income (Loss)	\$ (1,449,168)	\$ (67,166)	-	\$ (1,516,334)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities				
Depreciation	48,860	5,078		53,938
Food Distribution (USDA Commodities) Nat'l School Lunch	143,125			143,125
Change in Assets and Liabilities				
Increase/(Decrease) in Accounts Payable	16,950	(6,381)	\$ (568)	10,001
Increase/(Decrease) in Unearned Revenue	49,212			49,212
Increase/(Decrease) in Deposits Payable		6,350		6,350
(Increase)/Decrease in Other Receivables		(16,721)		(16,721)
(Increase)/Decrease in Inventory	(12,586)			(12,586)
Increase/(Decrease) in Due to Other Funds	-	(50,977)	-	(50,977)
Total Adjustments	245,561	(62,651)	(568)	182,342
Net Cash Provided (Used) by Operating Activities	\$ (1,203,607)	\$ (129,817)	\$ (568)	\$ (1,333,992)
<b>Non-Financing Activities</b>				
Fair Value of Food Distribution Program- National School Lunch Program	\$ 143,125			

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
STATEMENT OF FIDUCIARY NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Athletic Fund</u>	<u>Scholarship Fund</u>	<u>Agency Fund</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 737,820	-	\$ 16,465	\$ 3,254,793
Total Assets	<u>737,820</u>	<u>-</u>	<u>16,465</u>	<u>\$ 3,254,793</u>
<b>LIABILITIES</b>				
Cash Overdraft		\$ 4,911		
Due to Student Groups				\$ 222,283
Payroll Deductions & Withholdings Payable				83,054
Accrued Salaries & Wages				2,949,456
Intergovernmental Payable	<u>77,829</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>77,829</u>	<u>4,911</u>	<u>-</u>	<u>\$ 3,254,793</u>
<b>NET ASSETS</b>				
Restricted For Scholarships			\$ <u>16,465</u>	
Held in Trust for Unemployment Claims and Other Purposes	<u>\$ 659,991</u>	<u>\$ (4,911)</u>		

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**FIDUCIARY FUNDS**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Unemployment Compensation Trust</u>	<u>Athletic Fund</u>	<u>Scholarship Fund</u>
<b>ADDITIONS</b>			
Employee Contributions	\$ 115,411		
Board Contributions	300,000	\$ 39,710	
Other Contributions			\$ 17,300
Gate Receipts/Other		31,554	
Investment Earnings			
Interest	<u>1,358</u>	<u>-</u>	<u>25</u>
Total Additions	<u>416,769</u>	<u>71,264</u>	<u>17,325</u>
<b>DEDUCTIONS</b>			
Athletic Disbursements		86,050	
Unemployment Claims and Contrib.	811,425		
Scholarship Awards & Disbursements	<u>-</u>	<u>-</u>	<u>20,584</u>
Total Deductions	<u>811,425</u>	<u>86,050</u>	<u>20,584</u>
Change in Net Assets	(394,656)	(14,786)	(3,259)
Net Assets, Beginning of Year	<u>1,054,647</u>	<u>9,875</u>	<u>19,724</u>
Net Assets, End of Year	<u>\$ 659,991</u>	<u>\$ (4,911)</u>	<u>\$ 16,465</u>

The accompanying Notes to the Basic Financial Statements are an integral part of this statement.

**NOTES TO THE BASIC FINANCIAL STATEMENTS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The Franklin Township Public Schools (the "Board" or the "District") is an instrumentality of the State of New Jersey, established to function as an education institution. The Board consists of nine elected officials and is responsible for the fiscal control of the District. A superintendent is appointed by the Board and is responsible for the administrative control of the District. Under existing statutes, the Board's duties and powers include, but are not limited to, the development and adoption of a school program; the establishment, organization and operation of schools; and the acquisition, maintenance and disposition of school property.

The Board also has broad financial responsibilities, including the approval of the annual budget and the establishment of a system of accounting and budgetary controls.

The reporting entity is composed of the primary government, component units, and other organizations that are included to ensure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the Franklin Township Public Schools this includes general operations, food service, before and after school child care, adult education and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based on the foregoing criteria, the District has no component units. Furthermore, the District is not includable in any other reporting entity as a component unit.

**B. Basic Financial Statements**

The basic financial statements include both district-wide financial statements (based on the District as a whole) and fund financial statements. Both the district-wide and fund financial statements categorize activities as either governmental activities or business-type activities.

The district-wide financial statements report information on all of the nonfiduciary activities of the Board of Education. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by property taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. In the statement of net assets, both the governmental and business-type activities columns (a) are presented on a consolidated basis by column, and (b) reflect on a full accrual economic resource basis, which incorporates long-term assets and receivables as well as long-term debt and obligations.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**B. Basic Financial Statements (Continued)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or other governmental entities, including other school districts, who purchase, use, or directly benefit from goods or services provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Property taxes, unrestricted state aid and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the district-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. The District considers all of its governmental and the food service and the cultural arts recreation enrichment enterprise funds to be major funds.

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The district-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements with the exception of the agency fund which does not have a measurement focus. All assets and all liabilities associated with these operations (with the exception of the fiduciary funds) are included on the Statement of Net Assets. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized when susceptible to accrual (i.e. when they are both measurable and available). Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Board considers revenues to be available if they are collected within 60 days after year-end. Expenditures are recorded when a liability is incurred, as under accrual basis of accounting, with the exception of debt service expenditures as well as expenditures related to compensated absences and claims and judgments which are recorded only when payment is due.

Property taxes, tuition, unrestricted state aid, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Grants and similar awards are recognized as revenue as soon as all eligibility requirements imposed by the grantor or provider have been met. All other revenue items are considered to be measurable and available only when cash is received by the District.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

The District reports the following major governmental funds:

The *general fund* is the School District's primary operating fund. It accounts for all financial resources of the District, except those to be accounted for in another fund.

The *special revenue fund* accounts for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. This fund accounts for federal and state financial programs, with the exception of grants for major capital projects and the child nutrition programs.

The *capital projects fund* accounts for the proceeds from the sale of bonds, lease purchases and other revenues used for the acquisition or construction of major capital facilities and other capital assets.

The *debt service fund* accounts for the accumulation of resources for and the payment of principal and interest on long-term general obligation debt of governmental funds.

The District reports the following major proprietary funds which are organized to be self-supporting through user charges:

The *food service fund* accounts for the activities of the school cafeteria, which provides food service to students as well as a la carte and catering services for teachers and special events.

The *cultural arts recreation enrichment (CARE) fund* accounts for the activities of the District's operation of the extended school day program activities.

The District reports the following non-major proprietary funds which are organized to be self-supporting through user charges:

The *adult education fund* accounts for the activities of the School's non-accredited adult education programs.

Additionally, the government reports the following fund types:

The *fiduciary trust fund* is used to account for resources legally held in trust for the state unemployment insurance claims, for private donations for scholarship awards, payroll related activities and student related activities which are supported and controlled by student organizations and clubs. All resources of the fund, including any earnings on invested resources, may be used to support the intended purpose. There is no requirement that any portion of these resources be preserved as capital.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the district-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board (GASB). Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Board has elected not to follow private-sector guidance issued subsequent to December 1, 1989.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

As a general rule the effect of interfund activity has been eliminated from the district-wide financial statements. Exceptions to this general rule are charges between the Board's proprietary and fiduciary funds since elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues in the district-wide statement of activities include 1) charges to customers or applicants for goods or services, provided, 2) operating grants and contributions, and 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all property taxes, unrestricted state aid, investment earnings and miscellaneous revenues.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the food service enterprise fund, of the CARE enterprise fund, and of the adult school enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. Federal and State subsidies for the food service operation are considered nonoperating revenues.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

***1. Deposits and Investments***

Cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

Investments are reported at fair value and are limited by N.J.S.A. 18A:20-37.

***2. Receivables and Payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the district-wide financial statements as "internal balances".

All receivables are reported at their gross value, and where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**2. *Receivables and Payables (Continued)***

Tuition Revenues - Tuition charges were established by the Board of Education based on estimated costs. The charges are subject to adjustment when the final costs are determined and certified by the State Department of Education.

Tuition Expenditures - Tuition charges for the fiscal years 2009-2010 and 2010-2011 were based on rates established by the receiving district. These rates are subject to change when the actual costs have been certified by the State Department of Education.

Property taxes are levied pursuant to law and are collected by the municipality and are transferred to the District as requested. Property tax revenue is recognized in the year they are levied and become available. Property taxes collected in advance of the year-end for which they are levied and transferred to the District are reported as deferred revenues. The tax bills are mailed annually in June by the municipal tax collector and are levied and due in four quarterly installments on August 1, November 1, February 1 and May 1 of the fiscal year. When unpaid, taxes or any other municipal lien, or part thereof, on real property, remains in arrears on April 1<sup>st</sup> in the year following the calendar year levy when the same became in arrears, the tax collector of the municipality shall, subject to the provisions of New Jersey Statute, enforce the lien by placing the property on a tax sale. The municipality may institute annual "in rem" tax foreclosure proceedings to enforce the tax collection or acquisition of title to the property.

**3. *Inventories***

The cost of inventories of the governmental fund types are recorded as expenditures at the time individual inventory items are purchased.

Food Service Fund inventories, exclusive of the federal commodities, are valued at cost, using the first-in first-out (FIFO) method. The United States Department of Agriculture (USDA) commodity portion of the Food Service Fund inventory consists of food donated by the USDA. It is valued at estimated market prices by the USDA. The amount of unused commodities at year-end is reported as unearned revenue.

**4. *Prepaid Items***

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**5. *Capital Assets***

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the district-wide financial statements. Capital assets are defined by the Board as assets with an initial, individual cost of \$2,000 and an estimated useful life in excess of two years. The District was able to estimate the historical cost for the initial reporting of these capital assets through back trending. As the District constructs or acquires additional capital assets each period, they are capitalized and reported at historical cost. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend its useful life are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government is depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land Improvements	20
Buildings	20-50
Building Improvements	20
Heavy Equipment	10-20
Office Equipment and Furniture	7-10
Computer Equipment	5

**6. *Compensated Absences***

It is the District's policy to permit employees to accumulate (with certain restrictions) earned but unused sick leave benefits. A long-term liability of accumulated sick leave and salary related payments has been recorded in the governmental activities in the district-wide financial statements, representing the Board's commitment to fund such costs from future operations. Proprietary Funds accrue accumulated vacation, personal and sick leave and salary related payments in the period that they are earned. A liability is reported in the governmental funds only to the amount actually due at year end as a result of employee resignations and retirements.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**7. *Long-term obligations***

In the district-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Gains and losses resulting from debt refundings are also deferred and amortized over the life of the refunded bonds or new bonds whichever is less using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount and refunding gains or losses. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**8. *Fund Equity***

Beginning with fiscal year 2011, the District implemented GASB Statement 54 "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds.

**Nonspendable Fund Balance** – Amounts that are not in a spendable form (such as inventory) or are required to be maintained intact.

*Prepays* – Represents the portion of fund balance not available for future spending related to costs associated with and chargeable to future accounting periods.

**Restricted Fund Balance** – Amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation.

*Capital Reserve* – This restriction was created by the District in accordance with NJAC 6A:23A-14.1 to fund future capital expenditures (See Note 3.)

*Capital Projects* – Represents fund balance restricted specifically for capital acquisitions and improvements in the Capital Projects Fund.

**Committed Fund Balance** – Amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level action to remove or change the constraint.

*Year-End Encumbrances* – Represents outstanding purchase orders at year end for contracts awarded by formal action of the Board of Trustees for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Assets, Liabilities and Net Assets or Equity (Continued)**

**8. *Fund Equity (Continued)***

**Assigned Fund Balance** – Amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority.

*Designated for Subsequent Year's Expenditures* – This designation was created to dedicate the portion of fund balance appropriated in the adopted 2011/2012 District budget certified for taxes.

*Year-End Encumbrances* – Represent outstanding purchase orders for goods or services approved by management for specific purposes from available resources of the current year for which the goods and materials have not yet been received or the services have not yet been rendered at June 30.

**Unassigned Fund Balance** – Represents fund balance that has not been assigned to other funds and that has not been restricted, committed or assigned to specific purposes within the general fund.

**9. *Reclassifications***

Certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

**NOTE 2 RECONCILIATION OF DISTRICT-WIDE AND FUND FINANCIAL STATEMENTS**

**A. Explanation of certain differences between the governmental fund balance sheet and the district-wide statement of net assets**

The governmental fund balance sheet includes a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the district-wide statement of net assets. One element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of this \$45,228,133 difference are as follows:

Bonds payable	\$ 43,080,000
Add: Issuance premium (to be amortized as interest expense)	2,423,904
Less:	
Deferred charge on refunding (to be amortized as interest expense)	(2,299,424)
Deferred charge for issuance costs (to be amortized over life of debt)	(717,982)
Claims and judgments	768,262
Compensated absences	<u>1,973,373</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ 45,228,133</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

In accordance with the requirements of the New Jersey Department of Education ("the Department"), the District annually prepares its operating budget for the forthcoming year. The budget, except for the general fund and special revenue fund, which is more fully explained below and in the notes to the required supplementary information, is prepared in accordance with accounting principles generally accepted in the United States of America and serves as a formal plan for expenditures and the proposed means for financing them.

The annual budget is adopted in the spring of the preceding year for the general, special revenue and debt service funds. The District is not required to adopt an annual budget for the capital projects fund. The budget is submitted to the county superintendent and is voted upon at the annual school election on the third Tuesday in April. Budget adoptions and amendments are recorded in the District's board minutes. The budget is amended by the Board of Trustees as needed throughout the year. The budget for revenues, other resources, other uses, and fund balances is prepared by fund source and amount. The budget for expenditures is prepared by fund, program, function, object and amount. The legal level of budgetary control is established at the line item account within each fund. Line item accounts are defined as the lowest (most specific) level of detail as established pursuant to the minimum chart of accounts referenced in N.J.A.C. 6:20-2A.2(m)1. The Board approved several budget transfers during 2010/2011. During 2010/2011 the Board increased the original general fund budget by \$1,205,867 and the original special revenue fund budget by \$3,955,833. The increases were funded by additional surplus appropriated from prior year state aid, grant awards and the reappropriation of prior year general fund encumbrances.

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described in the Notes to Required Supplementary Information (RSI). Encumbrance accounting is also employed as an extension of formal budgetary integration in the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

Encumbrance accounting is employed in the governmental funds. Under encumbrance accounting, purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve a portion of the applicable appropriation. Open encumbrances in governmental funds other than the special revenue fund are reported as committed and/or assigned fund balances at fiscal year end as they do not constitute expenditures or liabilities but rather commitments related to unperformed contracts for goods and services which are reappropriated and honored during the subsequent fiscal year.

**C. Deficit Fund Equity**

The District has an unassigned deficit fund balance of \$161,953 in the General Fund as of June 30, 2011 as reported in the fund financial statements (modified accrual basis). NJSA 18A:22-44.2 provides that in the event a state school aid payment is not made until the following school budget year, districts must record these delayed state aid payments as revenue, for budget purposes only, in the current school budget year. The statute provides legal authority for school districts to recognize this revenue in the current budget year. GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", requires that intergovernmental transactions (revenue, expenditure, asset, liability) should be recognized in symmetry (i.e., if one government recognizes an asset, the other government recognizes a liability). Since the State of New Jersey is recording certain 2010/2011 budgeted state aid payments in the subsequent fiscal year, the school district cannot recognize such payments on the GAAP (fund) financial statements until the year the State records the payable. Due to the timing difference of recording these delayed state aid payments, the General Fund balance deficit does not alone indicate that the District is facing financial difficulties; however, unless the State of New Jersey budgets the delayed payments in future years, the District may also report fund balance deficits in the future.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 3 STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**C. Deficit Fund Equity (Continued)**

Pursuant to NJSA 18A:22-44.2, any negative unreserved, undesignated (i.e., unassigned) general fund balance that is reported as a direct result of a delay in the payment of state aid until the following fiscal year, is not considered as a violation of New Jersey Statute or regulation and is not considered an item in need of corrective action. The District deficits in the GAAP (fund) financial statements of \$161,953 in the General Fund is less than the delayed state aid payments.

**D. Capital Reserve**

A capital reserve account was established by the District on October 12, 2000. The accumulation of funds will be used for capital outlay expenditures in subsequent fiscal years. The capital reserve is maintained in the general fund and its activity is included in the general fund annual budget.

Funds placed in the capital reserve are restricted to capital projects in the district's approved Long Range Facilities Plan (LRFP). Upon submission of the LRFP to the Department, a district may increase the balance in the capital reserve by appropriating funds in the annual general fund budget certified for taxes or by transfer by board resolution at year end of any unanticipated revenue or unexpended line-item appropriation amounts or both. A district may also appropriate additional amounts when the express approval of the voters has been obtained either by a separate proposal at budget time or by a special question at one of the four special elections authorized pursuant to N.J.S.A. 19:60-2. Pursuant to N.J.A.C. 6:23A-14.1(g), the balance in the reserve cannot at any time exceed the local support costs of uncompleted capital projects in its approved LRFP.

The activity of the capital reserve for the fiscal year ended June 30, 2011 is as follows:

Balance, July 1, 2010	\$ 469,197
Increases:	
Interest earnings	<u>253</u>
Balance, June 30, 2011	<u>\$ 469,450</u>

The June 30, 2011 LRFP balance of local support costs of uncompleted capital projects is \$27,332,086.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

**Deposits**

The Board's deposits are insured through either the Federal Deposit Insurance Corporation (FDIC), Securities Investor Protection Corporation (SIPC) or New Jersey's Governmental Unit Deposit Protection Act (GUDPA). The Board is required to deposit their funds in a depository which is protecting such funds pursuant to GUDPA. The New Jersey Governmental Unit Deposit Protection Act requires all banks doing business in the State of New Jersey to pledge collateral equal to at least 5% of the average amount of its public deposits and 100% of the average amount of its public funds in excess of 75% of its capital funds or \$200 million for all deposits not covered by the FDIC.

Bank balances are insured up to \$250,000 in the aggregate by the FDIC for each bank. SIPC replaces cash claims up to a maximum of \$250,000 for each failed brokerage firm. At June 30, 2011, the book value of the Board's deposits was \$10,140,016 and bank balances of the Board's cash and deposits amounted to \$11,736,093. The Board's deposits which are displayed on the balance sheets and statement of net assets as "cash and cash equivalents" are categorized as:

<b><u>Depository Account</u></b>	<b><u>Bank Balance</u></b>
Insured	<u>\$ 11,736,093</u>

Custodial Credit Risk – Deposits – Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The Board does not have a policy for custodial credit risk; however, all of the District's deposits are insured.

**Investments**

The Board is permitted to invest public funds in accordance with the types of securities authorized by N.J.S.A. 18A:20-37. Examples of the allowable investments are bonds or other obligations of the United States or obligations guaranteed by the United States of America, Government Money Market Mutual Funds, bonds or other obligations of the school district or bonds or other obligations of the local unit or units within which the school district is located, Local Government investment pools, and agreements or the repurchase of fully collateralized securities, if transacted in accordance with the above statute.

As of June 30, 2011, the Board had no outstanding investments.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**A. Deposits and Investments (Continued)**

**Investments (Continued)**

Investment and interest earnings in the Capital Projects Fund are assigned to the General Fund in accordance with Board policy.

**B. Receivables**

Receivables as of June 30, 2011 for the district's individual major funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Food Service</u>	<u>C.A.R.E. Enterprise</u>	<u>Total</u>
Receivables:						
Accounts	\$ 70,199				\$ 32,078	\$ 102,277
Intergovernmental- Restricted	<u>437,875</u>	<u>\$ 2,453,607</u>	<u>\$ 376,386</u>	<u>\$ 114,907</u>	<u>-</u>	<u>3,382,775</u>
Total Receivables	<u>\$ 508,074</u>	<u>\$ 2,453,607</u>	<u>\$ 376,386</u>	<u>\$ 114,907</u>	<u>\$ 32,078</u>	<u>\$ 3,485,052</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unearned</u>
Special Revenue Fund	
Unencumbered grant draw downs	\$ 123,636
Grant draw downs reserved for encumbrances	964,366
Capital Projects Fund	
Unrealized School Facility Grants	<u>137,435</u>
Total deferred revenue for governmental funds	<u>\$ 1,225,437</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets**

Capital asset activity for the year ended June 30, 2011 was as follows:

	Balance, July 1, 2010	Increases	Decreases	Balance, June 30, 2011
<b>Governmental Activities:</b>				
Capital Assets, Being Depreciated:				
Buildings and Building Improvements	\$ 103,685,527	\$ 1,855,509		\$ 105,541,036
Improvements Other Than Buildings	6,250,329			6,250,329
Machinery and Equipment	5,619,997	155,050		5,775,047
Infrastructure	17,800	-	-	17,800
Total Capital Assets Being Depreciated	<u>115,573,653</u>	<u>2,010,559</u>	<u>-</u>	<u>117,584,212</u>
Less Accumulated Depreciation for:				
Buildings and Building Improvements	(23,843,035)	(1,752,058)		(25,595,093)
Improvements Other Than Buildings	(3,989,021)	(277,066)		(4,266,087)
Machinery and Equipment	(3,568,654)	(558,562)		(4,127,216)
Infrastructure	(1,958)	(356)	-	(2,314)
Total Accumulated Depreciation	<u>(31,402,668)</u>	<u>(2,588,042)</u>	<u>-</u>	<u>(33,990,710)</u>
Total Capital Assets, Being Depreciated, Net	<u>84,170,985</u>	<u>(577,483)</u>	<u>-</u>	<u>83,593,502</u>
Governmental Activities Capital Assets, Net	<u>\$ 84,170,985</u>	<u>\$ (577,483)</u>	<u>\$ -</u>	<u>\$ 83,593,502</u>
<b>Business-Type Activities:</b>				
Capital Assets, Being Depreciated:				
Machinery and Equipment	\$ 881,176	\$ 15,995	-	\$ 897,171
Total Capital Assets Being Depreciated	<u>881,176</u>	<u>15,995</u>	<u>-</u>	<u>897,171</u>
Less Accumulated Depreciation for:				
Machinery and Equipment	(590,350)	(53,938)	-	(644,288)
Total Accumulated Depreciation	<u>(590,350)</u>	<u>(53,938)</u>	<u>-</u>	<u>(644,288)</u>
Total Capital Assets, Being Depreciated, Net	<u>290,826</u>	<u>(37,943)</u>	<u>-</u>	<u>252,883</u>
Business-Type Activities Capital Assets, Net	<u>\$ 290,826</u>	<u>\$ (37,943)</u>	<u>\$ -</u>	<u>\$ 252,883</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**C. Capital Assets (Continued)**

Depreciation expense was charged to functions/programs of the primary government as follows:

**Governmental activities:**

Instruction

Regular	\$ 1,455,363
Special	461,375
Total Instruction	<u>1,916,738</u>

Support Services

Student and Instruction Related Services	22,638
School Administration	82,241
General Administration	82,241
Operations and Maintenance of Plant	347,257
Student Transportation	136,927
Total Support Services	<u>671,304</u>

Total depreciation Expense - Governmental Activities	<u>\$ 2,588,042</u>
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**Business-Type Activities:**

Food Service Fund	\$ 48,860
C.A.R.E. Enterprise Fund	5,078
Total Depreciation Expense-Business-Type Activities	<u>\$ 53,938</u>

**Construction commitments**

The District has the following active construction project as of June 30, 2011:

<u>Project</u>	<u>Remaining Commitment</u>
Renovation/Construction of Three (3) Pre-K Special Education Classrooms	<u>\$ 777,722</u>
Total	<u>\$ 777,722</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2011, is as follows:

**Due to/from other funds**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	C.A.R.E. Enterprise Fund	\$ 533,087
General Fund	Capital Projects Fund	222,000
General Fund	Special Revenue Fund	668,425
Capital Projects	General Fund	7,510
Food Service Fund	General Fund	<u>17,897</u>
		<u>\$ 1,448,919</u>

The above balances are the result of revenues earned or other financing sources received in one fund which are due to another fund and/or expenditures paid by one fund on behalf of another fund and/or to cover cash balances which were in an overdraft position.

The District expects all interfund balances to be liquidated within one year.

**E. Long-Term Debt**

**General Obligation Bonds**

The Board issued general obligation bonds to provide funds for the acquisition and construction of major capital facilities. The full faith and credit of the Board are irrevocably pledged for the payment of the principal of the bonds and the interest thereon.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**E. Long-Term Debt (Continued)**

Bonds payable at June 30, 2011 are comprised of the following issues:

\$50,248,000, 2001 Bonds, due in annual installments of \$2,200,000 through August 15, 2011, interest at varying rates	\$ 2,200,000
\$11,540,000, 2003 Refunding Bonds, due in annual installments of \$1,050,000 to \$1,125,000 through August 15, 2016, interest at varying rates	6,525,000
\$10,000,000, 2006 Refunding Bonds, due in annual installments of \$20,000 to \$9,490,000 through August 15, 2026, interest at 3.75% to 4.375%	9,765,000
\$24,970,000, 2009 Refunding Bonds, due in annual installment of \$5,000 to \$2,340,000 through August 15, 2023, interest at 3.00% to 5.00%	<u>24,590,000</u>
	<u>\$ 43,080,000</u>

The Board's schedule of principal and interest for long-term debt issued and outstanding is as follows:

**Governmental Activities:**

<u>Year</u> <u>Ending</u>	<u>Serial Bonds</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2012	\$ 3,350,000	\$ 1,829,875	\$ 5,179,875
2013	3,295,000	1,698,475	4,993,475
2014	3,270,000	1,569,931	4,839,931
2015	3,250,000	1,435,525	4,685,525
2016	3,230,000	1,300,550	4,530,550
2017-2021	12,420,000	4,641,286	17,061,286
2022-2026	11,890,000	1,838,360	13,728,360
2027	<u>2,375,000</u>	<u>51,953</u>	<u>2,426,953</u>
	<u>\$ 43,080,000</u>	<u>\$ 14,365,955</u>	<u>\$ 57,445,955</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 DETAILED NOTES ON ALL FUNDS (Continued)**

**F. Long-Term Debt (Continued)**

**Statutory Borrowing Power**

The Board's remaining borrowing power under N.J.S. 18A:24-19, as amended, at June 30, 2011 was as follows:

4% of Equalized Valuation Basis (Municipal)	\$ 380,696,199
Less: Net Debt	<u>43,080,638</u>
Remaining Borrowing Power	<u>\$ 337,615,561</u>

**Prior-Year Defeasance of Debt**

In prior years, the District defeased certain serial bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the District's financial statements. On June 30, 2011, \$25,265,000 of bonds outstanding are considered defeased. These bonds are callable on August 15, 2011.

**Changes in long-term liabilities**

Long-term liability activity for the fiscal year ended June 30, 2011, was as follows:

	Balance, July 1, 2010	Additions	Reductions	Balance, June 30, 2011	Due Within One Year
<b>Governmental Activities:</b>					
Bonds Payable	\$ 46,445,000		\$ (3,365,000)	\$ 43,080,000	\$ 3,350,000
Add:					
Unamortized Premium	2,609,305		(185,401)	2,423,904	
Less:					
Unamortized Amount on Refunding	(2,471,117)	-	171,693	(2,299,424)	-
Bonds Payable, Net	46,583,188	-	(3,378,708)	43,204,480	3,350,000
Claims and Judgments	788,806	\$ 665,826	(686,370)	768,262	600,000
Compensated Absences	1,972,843	507,767	(507,237)	1,973,373	400,000
Governmental Activity Long-Term Liabilities	<u>\$ 49,344,837</u>	<u>\$ 1,173,593</u>	<u>\$ (4,572,315)</u>	<u>\$ 45,946,115</u>	<u>\$ 4,350,000</u>

For the governmental activities, compensated absences and claims and judgments are generally liquidated by the general fund.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION**

**A. Risk Management**

The District is exposed to various risks of loss related to property, general liability, automobile coverage, theft of, damage to and destruction of assets; errors and omissions; injuries to employees; student accident; termination of employees and natural disasters. The Board has obtained commercial insurance coverage to guard against these events to minimize the exposure to the District should they occur. A complete schedule of insurance coverage can be found in the statistical section of this Comprehensive Annual Financial Report.

The District has established a worker's compensation plan for its employees. Transactions related to the plan are accounted for in the General Fund. The District funds the entire cost of the plan. Claims are paid directly by the plan up to a maximum of \$350,000 for any one accident or occurrence, with any excess benefit being reimbursed through a Re-Insurance Agreement with Midwest Employers. A contingent liability exists with respect to reinsurance, which would become an actual liability in the event the reinsuring company may not be able to meet their obligations to the District under existing reinsurance agreements.

Estimates of claims payable and of claims incurred, but not reported (IBNR) at June 30, 2011, are reported as claims and judgments payable and accrued liability for insurance claims, respectively. These estimates were determined based on claim information supplied by the claims administrator and actuary. The unpaid claims liability of \$768,262 reported at June 30, 2011 is based on the requirements of the Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated.

Changes in the balances of claims liabilities for the workmen's compensation plan for the fiscal years ended June 30, 2011 and 2010 are as follows:

<b>Governmental Activities:</b>	<b>Fiscal Year Ended</b>	
	<b><u>June 30, 2011</u></b>	<b><u>June 30, 2010</u></b>
Unpaid Claims, Beginning of Year	\$ 788,806	\$ 655,648
Incurred Claims	665,826	821,375
Claim Payments	<u>(686,370)</u>	<u>(688,217)</u>
Unpaid Claims, End of Year	<u>\$ 768,262</u>	<u>\$ 788,806</u>
General Fund		
Other Current Liabilities	\$ 52,046	\$ 68,787
Governmental Activities		
Noncurrent Liabilities	<u>716,216</u>	<u>720,019</u>
	<u>\$ 768,262</u>	<u>\$ 788,806</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**A. Risk Management (Continued)**

The District has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method". Under this plan the District is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The District is billed quarterly for amounts due to the State. The following is a summary of District contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the District's fiduciary trust fund for the current and previous two years:

<u>Year Ended</u> <u>June 30,</u>	<u>Board</u> <u>Contributions</u>	<u>Contributions/</u> <u>Interest Earnings</u>	<u>Amount</u> <u>Reimbursed</u>	<u>Ending</u> <u>Balance</u>
2011	\$ 300,000	\$ 116,769	\$ 811,425	\$ 659,991
2010	500,000	117,488	473,742	1,054,647
2009		125,908	136,736	910,901

**B. Contingent Liabilities**

The District is a party defendant in some lawsuits, none of a kind unusual for a school district of its size and scope of operation. In the opinion of the Board's Attorney the potential claims against the District not covered by insurance policies would not materially affect the financial condition of the District.

**Federal and State Awards** – The Board participates in a number of federal and state programs that are fully or partially funded by grants received from other governmental units. Expenditures financed by grants are subject to audit by the appropriate grantor government. If expenditures are disallowed due to noncompliance with grant program regulations, the Board may be required to reimburse the grantor government. As of June 30, 2011, significant amounts of grant expenditures have not been audited by the various grantor agencies but the Board believes that disallowed expenditures, if any, based on subsequent audits will not have a material effect on any of the individual governmental funds or the overall financial position of the District.

**E. Federal Arbitrage Regulations**

The District is subject to Section 148 of the Internal Revenue Code as it pertains to the arbitrage rebate on all tax-exempt obligations, both long and short-term debt. Under the 1986 Tax Reform Act, the Internal Revenue Service (IRS) required that all excess earnings from investment proceeds be rebated to the IRS. Arbitrage, for purposes of these regulations, is defined as the difference between the yield on the investment and the yield on the obligations issued. If there are excess earnings, this amount may be required to be rebated to the IRS. At June 30, 2011, the District had no estimated arbitrage earnings due to the IRS.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**F. Employee Retirement Systems and Pension Plans**

The State of New Jersey sponsors and administers the following contributory defined benefit public employee retirement systems (retirement systems) covering substantially all eligible Board employees:

**Public Employees' Retirement System (PERS)** – Established in January 1955, under the provisions of N.J.S.A. 43:15A to provide coverage, including post-retirement health care, to substantially all full time employees of the State or any county, municipality, school district, or public agency provided the employee is not a member of another State-administered retirement system. Membership is mandatory for such employees and vesting occurs after 8 to 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

**Teachers' Pension and Annuity Fund (TPAF)** – Established in January 1955, under the provisions of N.J.S.A. 18A:66 to provide coverage including post-retirement health care to substantially all full time certified teachers or professional staff of the public school systems in the State. Membership is mandatory for such employees and vesting occurs after 10 years of service for pension benefits and 25 years for post-retirement health care coverage.

The State of New Jersey sponsors and administers the following defined contribution public employee retirement program covering certain state and local government employees which include those Board employees who are eligible for pension coverage.

**Defined Contribution Retirement Program (DCRP)** – established under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2008 to provide coverage to elected and certain appointed officials, effective July 1, 2007. Membership is mandatory for such individuals with vesting occurring after one (1) year of membership.

**Other Pension Funds**

The State established and administers a Supplemental Annuity Collective Trust Fund (SACT) which is available to active members of the State-administered retirement systems to purchase annuities to supplement the guaranteed benefits provided by their retirement system. The state or local government employers do not appropriate funds to SACT.

The cost of living increase for PERS and TPAF, are funded directly by each of the respective systems and are considered in the annual actuarial calculation of the required State contribution for the system.

According to state law, all obligations of each retirement system will be assumed by the State of New Jersey should any retirement system be terminated.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of each of the above systems. The financial reports may be accessed via the New Jersey, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**F. Employee Retirement Systems and Pension Plans (Continued)**

**Basis of Accounting**

The financial statements of the retirement systems are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the retirement systems. Benefits or refunds are recognized when due and payable in accordance with the terms of the retirement systems.

**Investment Valuation**

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Mortgages are valued on the basis of future principal and interest payments, and are discounted at prevailing interest rates for similar instruments. The fair value of real estate investments is based on independent appraisals. Investments that do not have an established market are reported at estimated fair values.

The State of New Jersey, Department of the Treasury, Division of Investment, issues publicly available financial reports that include the financial statements of the State of New Jersey Cash Management Fund, Common Pension Fund A, Common Pension Fund B, Common Pension Fund D and Common Pension Fund E. The financial reports may be obtained in writing to the State of New Jersey, Department of the Treasury, Division of Investment, P.O. Box 290, Trenton, New Jersey 08625-0290.

**Significant Legislation**

P.L. 2010, c. 1, effective May 21, 2010, made a number of changes to the State-administered retirement systems concerning eligibility, the retirement allowance formula, the definition of compensation, the positions eligible for service credit, the non-forfeitable right to a pension, the prosecutor's part of the PERS, and employer contributions to the retirement system.

This new legislation changed the membership eligibility criteria for new members of TPAF and PERS from the amount of annual compensation to the number of hours worked weekly. Also, it returned the benefit multiplier for new members of TPAF and PERS to 1/60 from 1/55, and it provided that new members of TPAF and PERS have the retirement allowance calculated using the average annual compensation for the last five years of service instead of the last three years of service. New members of TPAF and PERS will no longer receive pension service credit from more than one employer. Pension service credit will be earned for the highest paid position only. This law also closed the prosecutor's part of the PERS to new members and repealed the law for new members that provided a non-forfeitable right to receive a pension based on the laws of the retirement system in place at the time five years of pension service credit is attained. The law also requires the State to make its full pension contribution, defined as 1/7<sup>th</sup> of the required amount, beginning in Fiscal Year 2012.

P.L. 2010, c.3, effective May 21, 2010, replaced the accidental and ordinary disability retirement for new members of the TPAF and PERS with disability insurance coverage similar to that provided by the State to individuals enrolled in the State's Defined Contribution Retirement Program.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**F. Employee Retirement Systems and Pension Plans (Continued)**

**Funding Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the aggregate funded ratio for all the State administered retirement systems including TPAF and PERS, is 66.0 percent with an unfunded actuarial accrued liability of \$45.8 billion. The aggregate funded ratio and unfunded accrued liability for the State-funded systems is 62.0 percent and \$30.7 billion, and the aggregate funded ratio and unfunded accrued liability for local PERS and Police and Firemen's Retirement System ("PFRS") is 72.1 percent and \$15.1 billion.

The funded status and funding progress of the retirement systems is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the retirement systems in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at that point in time. The projection of benefits for financing reporting purposes does not explicitly incorporate the potential effects of legal or contractual limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009 actuarial valuation, the projected unit credit was used as the actuarial cost method, and the five year average of market value was used as the asset valuation method for the retirement systems. The actuarial assumptions included (1) 8.25 percent for investment rate of return for the retirement systems and (2) 5.45 percent for projected salary increases for the PERS and 5.74 percent for TPAF.

**Employer and Employee Pension Contributions**

The contribution policy is set by laws of the State of New Jersey and contributions are required by active members and participating employers. Plan member and employer contributions may be amended by State of New Jersey legislation with the amount of contributions by the State of New Jersey contingent upon the Annual Appropriations Act. As defined, the retirement systems require employee contributions based on 5.5% for PERS, 5.5% for TPAF and 5.50% for DCRP of the employee's annual compensation.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**F. Employee Retirement Systems and Pension Plans (Continued)**

**Annual Pension Costs (APC)**

Per the requirements of GASB Statement No. 27 for the year ended June 30, 2011 for TPAF, which is a cost sharing plan with special funding situations, annual pension cost differs from the annual required contribution. For PERS, which is a cost sharing multi-employer defined benefit pension plan, the annual pension cost equals contributions made. TPAF employer contributions are made annually by the State of New Jersey to the pension system on behalf of the Board. PERS employer contributions are made annually by the Board to the pension system in accordance with Chapter 114, P.L. 1997. In the DCRP, which is a defined contribution plan, member contributions are matched by a 3% employer contribution.

During the years ended June 30, 2011, 2010 and 2009 the Board was required to contribute for PERS and DCRP and the State of New Jersey was required to contribute for TPAF for normal cost pension and accrued liability contributions (including non-contributory group life insurance (NCGI)) the following amounts:

<u>Year Ended</u> <u>June 30,</u>	<u>PERS</u>	<u>On-behalf</u> <u>TPAF</u>	<u>DCRP</u>
2011	\$ 1,766,361	\$ 165,365	\$ 2,616
2010	1,337,879	173,452	87
2009	1,148,133	162,436	

During the last three fiscal years the State of New Jersey did not contribute to the TPAF for normal cost and accrued liability. The State contributed \$165,365, \$173,452 and \$162,436 during 2010/2011, 2009/2010 and 2008/2009, respectively, for the NCGI premium only.

Also, in accordance with N.J.S.A. 18A:66-66 the State of New Jersey reimbursed the Board \$3,995,456 during the year ended June 30, 2011 for the employer's share of social security contributions for TPAF members as calculated on their base salaries. This amount, along with the on-behalf TPAF pension contribution, has been included in the district-wide financial statements and the fund financial statements as a revenue and expenditure in accordance with GASB No. 24.

**G. Post-Retirement Medical Benefits**

The State of New Jersey sponsors and administers the post-retirement health benefit program plans for school districts. The Plans are cost sharing multiple employer defined benefit plans.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**G. Post-Retirement Medical Benefits (Continued)**

As a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 43, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans* (OPEB), effective for Fiscal Year 2007, the State Health Benefits Program (SHBP), and the Prescription Drug Program (PDP), and Post-Retirement Medical (PRM) of the PERS and TPAF are combined and reported as Pension and Other employee Benefit Trust Funds in the State's Comprehensive Annual Financial Report (CAFR). Specifically, SHBP-State, PDP-State, and the PRM of the PERS are combined and reported as a Health Benefits Program Fund – State classified as a single employer plan. The SHBP-Local, PDP-Local, and the PRM of the TPAF are combined and reported as Health Benefits Program Fund –Local Government classified as a cost-sharing multiple-employer plan in the State's CAFR. The post-retirement benefit programs had a total of 514 state and local participating employers and contributing entities for Fiscal Year 2010.

The State of New Jersey sponsors and administers the following health benefit programs covering certain state and local government employees, including those Board employees and retirees eligible for coverage.

**Health Benefits Program Fund (HBPF) – Local Education** (including Prescription Drug Program Fund) – The State of New Jersey provides free coverage to members of the Teachers' Pension and Annuity Fund who retire from a board of education or county college with 25 years of service or on a disability retirement. Under the provisions of P.L. 1992, c.126, the State also provides free coverage to members of the Public Employees' Retirement System and Alternate Benefits Program who retire from a board of education or county college with 25 years of service or on a disability retirement if the member's employer does not provide this coverage. Certain local participating employers also provide post-retirement medical coverage to their employees. Retirees who are not eligible for employer paid health coverage at retirement can continue in the program if their employer participates in this program or if they are participating in the health benefits plan of their former employer and are enrolled in Medicare parts A and B by paying the cost of the insurance for themselves and their covered dependents. Also, education employees are eligible for the PDP coverage after 60 days of employment.

The State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, issues publicly available financial reports that include the financial statements and required supplementary information of the above Fund. The financial reports may be accessed via the State of New Jersey, Department of the Treasury, Division of Pensions and Benefits, website at [www.state.nj.us/treasury/pensions](http://www.state.nj.us/treasury/pensions).

**Basis of Accounting**

The financial statements of the health benefit programs are prepared on the accrual basis of accounting. Employer contributions are recognized when payable to the health benefit programs. Benefits or refunds are recognized when due and payable in accordance with the terms of the health benefit programs.

**Significant Legislation**

P.L. 2010, c.2 effective May 21, 2010, makes changes to the SHBP-State/Local Government/Local Education concerning eligibility, cost sharing, choice of a plan, the application of benefit changes, the waiver of coverage, and multiple coverage under such plans. It also requires contributions toward the cost of health care benefits coverage by public employees and certain retirees.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**G. Post-Retirement Medical Benefits (Continued)**

**Investment Valuation**

Investments are reported at fair value. Investments that do not have an established market are reported at estimated fair values.

**Funded Status and Funding Progress**

As of June 30, 2009, the most recent actuarial valuation date, the State had a \$56.8 billion unfunded actuarial accrued liability for other post-employment benefits (OPEB) which is made up to \$20.5 billion for state active and retired members and \$36.3 billion for education employees and retirees that become the obligation of the State of New Jersey upon retirement.

The funded status and funding progress of the OPEB is based on actuarial valuations which involve estimates of the value of reported amounts and assumptions about the probability of events in the future. These amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the probability of future events.

Actuarial calculations reflect a long-term perspective and are based on the benefits provided under the terms of the OPEB in effect at the time of each valuation and also consider the pattern of the sharing of costs between the employer and members at the point in time. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal contractual funding limitations on the pattern of cost sharing between the employer and members in the future.

**Actuarial Methods and Assumptions**

In the June 30, 2009, actuarial valuation, the projected unit credit was used as the actuarial cost method, and the market value was used as asset valuation method for the OPEB. The actuarial assumptions included 4.50 percent for investment rate of return for the OPEB.

**Post-Retirement Medical Benefits Contributions**

P.L. 1987, c. 384 and P.L. 1990, c.6 required the Teachers' Pension and Annuity Fund (TPAF) and Public Employees' Retirement System (PERS), respectively to fund post-retirement medical benefits for those State employees and education employees who retire after accumulating 25 years of credited service or on a disability retirement. As of June 30, 2010, there were 87,288 retirees receiving post-retirement medical benefits and the State contributed \$883.8 million on their behalf. The cost of these benefits is funded through contributions by the State and in accordance with P.L. 1994, c.62. Funding of post-retirement medical benefits changed from a pre-funding basis to a pay-as-you-go basis beginning in fiscal year 1994.

The State is also responsible for the cost attributable to P.L. 1992, c.126, which provides free health benefits to members of PERS and the Alternate Benefit Program who retired from a board of education with 25 years of service. The State paid \$126.3 million toward Chapter 126 benefits for 14,050 eligible retired members in fiscal year 2010.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 5 OTHER INFORMATION (Continued)**

**G. Post-Retirement Medical Benefits (Continued)**

**Post-Retirement Medical Benefits Contributions (Continued)**

The State sets the contribution rate based on a pay as you go basis and not on the *annual required contribution of the employers (ARC)*, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) of the plan over a period not to exceed thirty years. The State's contributions to the State Health Benefits Program Fund for TPAF retirees' post-retirement benefits on behalf of the School District for the years ended June 30, 2011, 2010 and 2009 were \$3,512,354 and \$3,257,666 and \$3,098,863, respectively, which equaled the required contributions for each year. The State's contributions to the State Health Benefits Program Fund for PERS retirees' post-retirement benefits on behalf of the School District was not determined or made available by the State of New Jersey.

## **BUDGETARY COMPARISON SCHEDULES**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Property Tax Levy	\$ 113,522,271		\$ 113,522,271	\$ 113,522,271	
Interest	65,000		65,000	103,844	\$ 38,844
Interest- Capital Reserve				253	253
Tuition-Intergovernmental - State	31,500		31,500	106,885	75,385
Tuition - Other LEAs within State				26,997	26,997
Transportation Fees	14,228		14,228	4,113	(10,115)
Miscellaneous	183,676	-	183,676	382,545	198,869
Total - Local Sources	113,816,675	-	113,816,675	114,146,908	330,233
State Sources					
Special Education Categorical Aid	3,598,919	\$ 1,048,359	4,647,278	4,647,278	
Equalization Aid	5,497,123	(1,048,359)	4,448,764	4,448,764	
Additional Nonpublic Transportation Aid				183,333	183,333
Extraordinary Aid	1,184,820		1,184,820	1,545,987	361,167
TPAF Wage Freeze Grant				3,064	3,064
On-Behalf TPAF Pension System Contr. (Non-budgeted)				165,365	165,365
Non-Contributory Insurance					
On-Behalf TPAF Pension System Contr. (Non-budgeted)				3,512,354	3,512,354
Post-Retirement Medical Contributions				3,995,456	3,995,456
Reimbursed TPAF Soc. Sec. Contr. (Non-budgeted)	-	-	-		
Total - State Sources	10,280,862	-	10,280,862	18,501,601	8,220,739
Federal Sources					
Education Jobs Fund		510,330	510,330	510,330	
Semi- Medicaid Reimbursement	100,790	-	100,790	51,131	(49,659)
Total-Federal Sources	100,790	510,330	611,120	561,461	(49,659)
Total Revenues	124,198,327	510,330	124,708,657	133,209,970	8,501,313
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Instruction - Regular Programs					
Salaries of Teachers					
Kindergarten	2,201,940	(382,783)	1,819,157	1,819,157	
Grades 1-5	10,793,424	1,187,787	11,981,211	11,980,433	778
Grades 6-8	7,372,904	(568,736)	6,804,168	6,804,168	
Grades 9-12	9,481,283	84,776	9,566,059	9,566,034	25
Home Instruction					
Salaries of Teachers	154,830	57,375	212,205	212,205	
Purchased Professional - Educational Services	86,551	(39,718)	46,833	46,833	
Regular Programs - Undistributed Instruction					
Other Salaries for Instruction		41,361	41,361	41,361	
Purchased Professional - Educational Services	16,670	(7,389)	9,281	5,647	3,634
Purchased Technical Services	103,509	8,840	112,349	112,348	1
Other Purchased Services	18,642		18,642	17,328	1,314
General Supplies	968,262	(132,254)	836,008	818,949	17,059
Textbooks	253,230	(66,741)	186,489	186,004	485
Other Objects	198,872	(113,669)	85,203	75,735	9,468
Total Regular Programs	31,650,117	68,849	31,718,966	31,686,202	32,764

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Special Education					
Learning and/or Language Disabilities					
Salaries of Teachers	\$ 1,276,371	\$ (344,757)	\$ 931,614	\$ 931,614	
Other Salaries for Instruction	503,690	(154,576)	349,114	349,114	
Other Purchased Services		2,800	2,800	1,050	\$ 1,750
General Supplies	20,685		20,685	20,253	432
Textbooks	165	-	165	163	2
Total Learning and/or Language Disabilities	1,800,911	(496,533)	1,304,378	1,302,194	2,184
Resource Room/Resource Center					
Salaries of Teachers	5,044,180	677,654	5,721,834	5,721,834	
Other Salaries for Instruction	558,601	188,275	746,876	746,876	
General Supplies	21,090	(2,001)	19,089	17,477	1,612
Textbooks	755	-	755	184	571
Total Resource Room/Resource Center	5,624,626	863,928	6,488,554	6,486,371	2,183
Autism					
Salaries of Teachers	244,889	(21,956)	222,933	222,933	
Other Salaries for Instruction	152,223	(37,912)	114,311	114,311	
Purchased Professional-Educational Services	5,000	(5,000)			
General Supplies	2,496	-	2,496	2,249	247
Total Autism	404,608	(64,868)	339,740	339,493	247
Preschool Disabilities - Part-Time					
Salaries of Teachers	470,220	102,696	572,916	572,916	
Other Salaries for Instruction	291,199	3,521	294,720	294,720	
General Supplies	3,962	-	3,962	2,469	1,493
Total Preschool Disabilities - Part-Time	765,381	106,217	871,598	870,105	1,493
Home Instruction					
Salaries of Teachers	-	2,564	2,564	2,564	-
Total Home Instruction	-	2,564	2,564	2,564	-
Total Special Education	8,595,526	411,308	9,006,834	9,000,727	6,107
Basic Skills/Remedial - Instruction					
Salaries of Teachers	2,066,631	(367,796)	1,698,835	1,698,835	
General Supplies	19,478	(12,000)	7,478	6,996	482
Other Objects	720	-	720	576	144
Total Basic Skills/Remedial - Instruction	2,086,829	(379,796)	1,707,033	1,706,407	626
Bilingual Education - Instruction					
Salaries of Teachers	1,340,302	75,000	1,415,302	1,412,856	2,446
General Supplies	22,386	(11,381)	11,005	9,387	1,618
Textbooks	8,299	(989)	7,310	6,317	993
Other Objects	1,052	-	1,052	937	115
Total Bilingual Education - Instruction	1,372,039	62,630	1,434,669	1,429,497	5,172

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
School Sponsored Co/Extra Curricular Activities					
Salaries	\$ 326,604	\$ (49,725)	\$ 276,879	\$ 265,998	\$ 10,881
Purchased Services	10,940	4,186	15,126	15,126	
Supplies and Materials	30,669	2,184	32,853	32,664	189
Other Objects	9,664	(1,494)	8,170	4,838	3,332
Total School Sponsored Co/Extra Curricular Activities	<u>377,877</u>	<u>(44,849)</u>	<u>333,028</u>	<u>318,626</u>	<u>14,402</u>
School Sponsored Athletics					
Salaries	528,208	133,015	661,223	661,223	
Purchased Services	26,257		26,257	23,623	2,634
Supplies and Materials	103,191		103,191	84,650	18,541
Other Objects	72,945	(8,000)	64,945	64,847	98
Total School Sponsored Athletics	<u>730,601</u>	<u>125,015</u>	<u>855,616</u>	<u>834,343</u>	<u>21,273</u>
Total - Instruction	<u>44,812,989</u>	<u>243,157</u>	<u>45,056,146</u>	<u>44,975,802</u>	<u>80,344</u>
Undistributed Expenditures					
Instruction					
Tuition to Other LEAs Within State-Regular	497,171	59,968	557,139	556,468	671
Tuition to Other LEAs Within State-Special	4,216,753	(503,372)	3,713,381	3,710,554	2,827
Tuition to County Vocational School Districts-Reg.	229,400	55,320	284,720	284,720	
Tuition to County Vocational School Districts-Spec.	84,896	(75,600)	9,296	6,000	3,296
Tuition to County Spec. Svcs. Districts & Reg. Day	167,014	31,314	198,328	198,000	328
Tuition to Private Schools for the Disabled W/in State	7,514,822	(498,337)	7,016,485	7,016,213	272
Tuition to Private Schools Disabled and Other LEA's, Spl, O/S		102,784	102,784	102,113	671
Tuition - State Facilities	167,371	51,181	218,552	218,552	-
Total Undistributed Expenditures - Instruction	<u>12,877,427</u>	<u>(776,742)</u>	<u>12,100,685</u>	<u>12,092,620</u>	<u>8,065</u>
Attendance and Social Work Services					
Salaries	32,812		32,812	32,811	1
Other Purchased Services	930		930	328	602
Other Objects	-	295	295	295	-
Total Attendance and Social Work Services	<u>33,742</u>	<u>295</u>	<u>34,037</u>	<u>33,434</u>	<u>603</u>
Health Services					
Salaries	1,108,251	20,729	1,128,980	1,128,980	
Purchased Professional and Technical Svcs.	47,635	(41,460)	6,175	5,610	565
Other Purchased Services		475	475	475	
Supplies and Materials	12,168	6,187	18,355	16,898	1,457
Total Health Services	<u>1,168,054</u>	<u>(14,069)</u>	<u>1,153,985</u>	<u>1,151,963</u>	<u>2,022</u>
Speech, OT, PT & Related Services					
Salaries	723,365	243,605	966,970	966,701	269
Purchased Professional- Educational Services	293,500	348,125	641,625	639,788	1,837
Supplies and Materials	4,358	-	4,358	4,119	239
Total Speech, OT, PT & Related Services	<u>1,021,223</u>	<u>591,730</u>	<u>1,612,953</u>	<u>1,610,608</u>	<u>2,345</u>

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Original Budget	Budget Transfers	Final Budget	Actual	Variance Final To Actual
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Other Support Services- Students Extra Service					
Salaries		\$ 536,175	\$ 536,175	\$ 536,174	\$ 1
Purchased Professional Ed. Services	\$ 826,750	75,872	902,622	900,310	2,312
Total Other Support Services- Students Extra Service	826,750	612,047	1,438,797	1,436,484	2,313
Guidance					
Salaries of Other Professional Staff	1,867,130	(85,115)	1,782,015	1,770,837	11,178
Salaries of Secretarial and Clerical Assistants	269,954	30,000	299,954	299,082	872
Purchased Professional and Ed. Svcs.	12,247	(12,247)			
Other Purchased Services	1,865		1,865	262	1,603
Supplies and Materials	85,836	(9,596)	76,240	61,149	15,091
Other Objects	135,051	(51,547)	83,504	82,430	1,074
Total Guidance	2,372,083	(128,505)	2,243,578	2,213,760	29,818
Child Study Teams					
Salaries of Other Professional Staff	2,643,261	(11,300)	2,631,961	2,631,375	586
Salaries of Secretarial and Clerical Assistants	313,151	12,345	325,496	325,495	1
Other Salaries		20,000	20,000	14,070	5,930
Purchased Professional-Educational Services		29,115	29,115	26,497	2,618
Miscellaneous Purchased Services	18,430	140,503	158,933	157,601	1,332
Supplies and Materials	23,211	(3,855)	19,356	19,188	168
Other Objects	9,335	995	10,330	10,320	10
Total Child Study Teams	3,007,388	187,803	3,195,191	3,184,546	10,645
Impvt. of Instruction Services-Other Support Services					
Salaries of Supervisors of Instruction	1,290,655	(106,000)	1,184,655	1,181,993	2,662
Salaries of Other Professional Staff	128,139	(80,435)	47,704	44,897	2,807
Salaries of Sec. and Clerical Assist.	239,938	(23,450)	216,488	216,109	379
Salaries of Facilitators, Math & Literacy Coaches	909,517	425,662	1,335,179	1,335,179	
Other Purchased Services	18,679	(3,700)	14,979	6,202	8,777
Supplies and Materials	17,785	(760)	17,025	10,949	6,076
Other Objects	18,812	(1)	18,811	14,623	4,188
Total Impvt. of Instruction Svcs./Other Support Svcs.- Instructional Staff	2,623,525	211,316	2,834,841	2,809,952	24,889
Educational Media Services/School Library					
Salaries	907,364	(29,862)	877,502	877,502	
Purchased Professional and Technical Services		500	500	120	380
Supplies and Materials	102,154	(4,814)	97,340	89,401	7,939
Total Educational Media Services/School Library	1,009,518	(34,176)	975,342	967,023	8,319
Instructional Staff Training Services					
Salaries Other Professional Staff	18,341	(4,917)	13,424	13,424	
Purchased Professional - Educational Services	297,800	62,195	359,995	354,958	5,037
Purchased Professional & Technical Svcs.	17,025		17,025	16,941	84
Supplies and Materials	4,597	7,565	12,162	10,194	1,968
Other Objects	12,021	500	12,521	5,494	7,027
Total Instructional Staff Training Services	349,784	65,343	415,127	401,011	14,116

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Support Svcs. General Administration					
Salaries	\$ 644,082	\$ (10,000)	\$ 634,082	\$ 616,232	\$ 17,850
Legal Services	180,250	1,222	181,472	172,552	8,920
Audit Fees	55,500		55,500	52,738	2,762
Architectural/Engineering Services	100,000		100,000	47,650	52,350
Other Purchased Professional Svcs.	61,570	42,410	103,980	75,401	28,579
Purchased Technical Services	36,951	10,000	46,951	35,377	11,574
Communications/Telephone	390,242	(44,656)	345,586	343,775	1,811
BOE Other Purchased Services	5,902		5,902	171	5,731
Misc. Purchased Services	223,220	8,000	231,220	226,748	4,472
General Supplies	27,253	49	27,302	14,778	12,524
BOE In House Training/ Meeting Supplies	675		675		675
Miscellaneous Expenditures	45,072	(49)	45,023	34,187	10,836
BOE Membership Dues and Fees	31,856	-	31,856	28,289	3,567
Total Support Services General Administration	1,802,573	6,976	1,809,549	1,647,898	161,651
Support Services School Administration					
Salaries of Principals/Asst. Principals	2,272,128	(59,321)	2,212,807	2,205,376	7,431
Salaries of Other Professional Staff	234,037	119,321	353,358	301,493	51,865
Salaries of Secretarial and Clerical Assistants	1,579,563	(86,200)	1,493,363	1,490,350	3,013
Purchased Professional and Technical Services		300	300	270	30
Other Salaries	30,000		30,000	9,297	20,703
Other Purchased Services	24,165	8,545	32,710	31,399	1,311
Supplies and Materials	81,768	4,527	86,295	75,993	10,302
Other Objects	27,136	63	27,199	19,387	7,812
Total Support Services School Adm.	4,248,797	(12,765)	4,236,032	4,133,565	102,467
Central Services					
Salaries	1,140,842	106,447	1,247,289	1,200,653	46,636
Purchased Professional Services	-	1,000	1,000	1,000	
Purchased Technical Services	23,500	2,681	26,181	26,181	
Miscellaneous Purchased Services	11,203	(724)	10,479	6,983	3,496
Supplies and Materials	28,750	(41)	28,709	26,011	2,698
Other Objects	100,619	(1,000)	99,619	51,519	48,100
Total Central Services	1,304,914	108,363	1,413,277	1,312,347	100,930
Admin. Info. Technology					
Salaries	651,633	(108,404)	543,229	543,229	
Purchased Technical Services	-	33,660	33,660	33,659	1
Total Admin. Info. Technology	651,633	(74,744)	576,889	576,888	1
Required Maintenance for School Facilities					
Cleaning, Repair and Maintenance Services	396,304	85,395	481,699	477,774	3,925
General Supplies	263,636	(48,079)	215,557	151,827	63,730
Other Objects	17,030	(131)	16,899	11,711	5,188
Total Required Maintenance for School Facilities	676,970	37,185	714,155	641,312	72,843
Custodial Services					
Salaries	4,672,534	(459,457)	4,213,077	4,201,861	11,216
Salaries of Non-Instructional Aides		411,728	411,728	408,790	2,938
Purchase Professional and Technical Services	19,730	55,000	74,730	65,780	8,950
Cleaning, Repair and Maintenance Services	675,337	21,177	696,514	640,692	55,822
Rental of Land & Bldgs Other Than Lease	10,800	(10,800)			
Other Purchased Property Services	158,850		158,850	149,503	9,347
Insurance	188,657	277	188,934	188,934	
General Supplies	221,211		221,211	192,669	28,542
Energy (Natural Gas)	1,037,493	(399,903)	637,590	636,415	1,175
Energy (Electricity)	1,991,979	(268,631)	1,723,348	1,690,598	32,750
Energy (Oil)	10,000		10,000	5,974	4,026
Other Objects	7,590	-	7,590	2,723	4,867
Total Custodial Services	8,994,181	(650,609)	8,343,572	8,183,939	159,633

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES (Continued)</b>					
Undistributed Expenditures (Continued)					
Care & Upkeep of Grounds					
Salaries	\$ 510,294	\$ 31,632	\$ 541,926	\$ 523,091	\$ 18,835
Cleaning, Repair and Maintenance Services	84,500	(18,838)	65,662	48,343	17,319
General Supplies	62,501	17,219	79,720	76,381	3,339
Other Objects	2,000	1,620	3,620	3,581	39
Total Care & Upkeep of Grounds	<u>659,295</u>	<u>31,633</u>	<u>690,928</u>	<u>651,396</u>	<u>39,532</u>
Security					
Salaries	1,330,794	108,733	1,439,527	1,439,527	
Cleaning, Repair and Maintenance Services	179,100	(120,000)	59,100	8,220	50,880
General Supplies	33,813	1,113	34,926	8,067	26,859
Other Objects	356,504	(130,950)	225,554	216,297	9,257
Total Security	<u>1,900,211</u>	<u>(141,104)</u>	<u>1,759,107</u>	<u>1,672,111</u>	<u>86,996</u>
Student Transportation Services					
Salaries of Non-Instructional Aides	165,248	14,496	179,744	173,799	5,945
Salaries for Pupil Transportation (Between Home and School) - Regular	672,776	(172,427)	500,349	485,839	14,510
Salaries for Pupil Transportation (Between Home and School) - Special Educ.	462,951	(6,959)	455,992	455,992	
Other Purchased Prof. and Technical Serv.	13,535	(2,209)	11,326	8,864	2,462
Cleaning Repair and Maintenance Svcs.	305,366	55,398	360,764	360,764	
Contracted Services (Between Home and School) - Vendors	6,369,641	64,466	6,434,107	6,409,535	24,572
Contracted Services (Other Than Between Home and School) - Vendors	417,365	(70,045)	347,320	338,473	8,847
Contracted (Between Home & School) Joint Agr.	48,620	(24,752)	23,868	23,686	182
Contracted Services (Special Ed. Students) Joint Agr.	3,086,238	280,776	3,367,014	3,366,479	535
Contracted Service- Aid in Lieu Payments-Nonpub	486,200	5,927	492,127	491,855	272
Contracted Service- Aid in Lieu Payments-Charter	8,840	1,768	10,608	10,608	
Misc. Purchased Svcs. - Transportation	84,599	398	84,997	83,977	1,020
General Supplies	1,277	600	1,877	1,788	89
Other Objects	10,564	(600)	9,964	7,609	2,355
Total Student Transportation Svcs.	<u>12,133,220</u>	<u>146,837</u>	<u>12,280,057</u>	<u>12,219,268</u>	<u>60,789</u>
Unallocated Benefits- Employee Benefits					
Group Insurance		768	768	768	
Social Security Contribution	1,600,000	(158,924)	1,441,076	1,427,769	13,307
Other Retirement Contributions-Regular	6,500	1,000	7,500	6,856	644
Other Retirement Contributions- PERS	1,449,206	223,580	1,672,786	1,671,517	1,269
Unemployment Compensation	1,000,000	(700,000)	300,000	300,000	
Workmen's Compensation	892,704	(86,400)	806,304	686,370	119,934
Health Benefits	16,607,845	1,100,551	17,708,396	17,708,396	
Tuition Reimbursement	68,212	(60,000)	8,212	7,997	215
Other Employee Benefits	210,105	307,562	517,667	507,237	10,430
Total Unallocated Benefits- Employee Benefits	<u>21,834,572</u>	<u>628,137</u>	<u>22,462,709</u>	<u>22,316,910</u>	<u>145,799</u>
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Non-Contributory Insurance				165,365	(165,365)
On-behalf TPAF Pension System Contr. (Non-Budgeted)					
Post-Retirement Medical Contributions				3,512,354	(3,512,354)
On-behalf Reimbursed TPAF Social Security (Non-budgeted)	-	-	-	3,995,456	(3,995,456)
Total On-Behalf TPAF Contributions	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,673,175</u>	<u>(7,673,175)</u>
Total Undistributed Expenditures	<u>79,495,860</u>	<u>794,951</u>	<u>80,290,811</u>	<u>86,930,210</u>	<u>(6,639,399)</u>
Total Current Expenditures	<u>124,308,849</u>	<u>1,038,108</u>	<u>125,346,957</u>	<u>131,906,012</u>	<u>(6,559,055)</u>



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND  
BUDGETARY COMPARISON SCHEDULE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>CAPITAL OUTLAY</b>					
Equipment					
Special Education - Instruction					
Learning and/or Language Disabilities	\$ 16,172	\$ (16,172)			
Auditory Impairments	7,170	(7,170)			
Undistributed Expenditures					
Instruction	118,126	179,062	\$ 297,188	\$ 150,433	\$ 146,755
Care and Upkeep of Grounds		4,617	4,617	4,617	
School Admin	11,578	(11,578)	-	-	-
Total Equipment	153,046	148,759	301,805	155,050	146,755
Facilities Acquisition and Construction Services					
Other Objects	207,363	-	207,363	207,363	-
Total Facilities Acquisition and Construction Services	207,363	-	207,363	207,363	-
Total Capital Outlay	360,409	148,759	509,168	362,413	146,755
<b>TRANSFER OF FUNDS TO CHARTER SCHOOLS</b>					
Transfer of Funds to Charter Schools	1,529,069	19,000	1,548,069	1,430,137	117,932
Total Transfer of Funds to Charter Schools	1,529,069	19,000	1,548,069	1,430,137	117,932
Total Expenditures	126,198,327	1,205,867	127,404,194	133,698,562	(6,294,368)
Excess (Deficiency) of Revenues Over/(Under)					
Expenditures	(2,000,000)	(695,537)	(2,695,537)	(488,592)	2,206,945
Fund Balances, Beginning of Year	5,433,985	-	5,433,985	5,433,985	-
Fund Balances, End of Year	\$ 3,433,985	\$ (695,537)	\$ 2,738,448	\$ 4,945,393	\$ 2,206,945
<b>Recapitulation :</b>					
Nonspendable Fund Balance					
Prepaid Expense				\$ 51,745	
Restricted					
Capital Reserve				469,450	
Committed					
Year-End Encumbrances				95,106	
Assigned					
Year-End Encumbrances				178,215	
Designated for Subsequent Year's Expenditures				2,000,000	
Unassigned				2,150,877	
				4,945,393	
<b>Reconciliation to Governmental Funds Statements (GAAP):</b>					
Final 2010/2011 State Aid Payments Not Recognized on GAAP Basis				(766,843)	
2010/2011 Extraordinary Aid Not Recognized on a GAAP Basis				(1,545,987)	
Fund Balance (GAAP Basis), End of Year				\$ 2,632,563	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
COMBINING SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCE - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOT APPLICABLE**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**GENERAL FUND - EDUCATION JOBS FUND**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final To Actual</u>
<b>REVENUES</b>					
Federal Sources					
Education Jobs Fund	-	\$ 510,330	\$ 510,330	\$ 510,330	-
Total Federal Sources	-	510,330	510,330	510,330	-
Total Revenues	-	510,330	510,330	510,330	-
<b>EXPENDITURES</b>					
<b>CURRENT EXPENDITURES</b>					
Regular Programs					
Other Salaries for Instruction	-	41,181	41,181	41,181	-
Total Regular Programs	-	41,181	41,181	41,181	-
Learning and/or Language Disabilities					
Other Salaries for Instruction	-	57,792	57,792	57,792	-
Total Learning and/or Language Disabilities	-	57,792	57,792	57,792	-
Resource Room					
Other Salaries for Instruction	-	54,608	54,608	54,608	-
Total Resource Room	-	54,608	54,608	54,608	-
Autism					
Other Salaries for Instruction	-	51,822	51,822	51,822	-
Total Autism	-	51,822	51,822	51,822	-
Health Services					
Salaries	-	19,052	19,052	19,052	-
Total Health Services	-	19,052	19,052	19,052	-
Other Support Services-Extra. Serv.					
Salaries	-	150,710	150,710	150,710	-
Total Other Support Services-Extra. Serv.	-	150,710	150,710	150,710	-
Custodial Services					
Salaries of Non-Instructional Aides	-	36,084	36,084	36,084	-
Total Custodial Services	-	36,084	36,084	36,084	-
Security					
Other Salaries	-	60,327	60,327	60,327	-
Total Security	-	60,327	60,327	60,327	-
Unallocated Benefits					
Social Security		36,076	36,076	36,076	-
Health Benefits	-	2,678	2,678	2,678	-
Total Unallocated Benefits	-	38,754	38,754	38,754	-
Total Expenditures	-	510,330	510,330	510,330	-
Excess of Revenues Over Expenditures	-	-	-	-	-

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET (NON-GAAP) AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Intergovernmental					
State	\$ 1,703,697	\$ (25,280)	\$ 1,678,417	\$ 1,479,197	\$ (199,220)
Federal	2,042,096	3,939,561	5,981,657	4,982,099	(999,558)
Local Sources					
Miscellaneous	8,000	41,552	49,552	42,851	(6,701)
Total Revenues	<u>3,753,793</u>	<u>3,955,833</u>	<u>7,709,626</u>	<u>6,504,147</u>	<u>(1,205,479)</u>
<b>EXPENDITURES</b>					
Instruction					
Salaries of Teachers	531,662	1,006,078	1,537,740	1,381,021	156,719
Salaries of Other Professional Staff		36,540	36,540	25,953	10,587
Other Salaries for Instruction	205,072	641,817	846,889	770,517	76,372
Other Salaries		324,460	324,460	145,586	178,874
Purchased Professional/Technical Services		220,277	220,277	219,237	1,040
Purchased Professional/Educational Services	253,523	21,627	275,150	275,150	-
General Supplies	67,903	423,716	491,619	348,928	142,691
Textbooks	77,968	(555)	77,413	77,413	-
Other Objects	1,394,974	(1,389,601)	5,373	5,373	-
Total Instruction	<u>2,531,102</u>	<u>1,284,359</u>	<u>3,815,461</u>	<u>3,249,178</u>	<u>566,283</u>
Support Services					
Salaries of Program Directors	65,378	192,976	258,354	256,976	1,378
Salaries of Other Professional Staff		40,000	40,000	40,000	-
Salaries of Secretarial and Clerical Asst.	5,857	50,761	56,618	53,553	3,065
Other Salaries for Instruction		35,550	35,550	34,259	1,291
Other Salaries		7,000	7,000	-	7,000
Personal Services-Employee Benefits	180,938	359,866	540,804	466,653	74,151
Purchased Professional/Educational Services	92,459	191	92,650	919	91,731
Purchased Professional & Technical Services		940,877	940,877	640,215	300,662
Purchased Property Services		6,404	6,404		6,404
Contracted Services-Transportation	228,537	-	228,537	220,448	8,089
Other Purchased Services		71,245	71,245	30,144	41,101
Supplies and Materials	187,220	(47,827)	139,393	87,088	52,305
Other Objects	462,302	(461,194)	1,108	243	865
Total Support Services	<u>1,222,691</u>	<u>1,195,849</u>	<u>2,418,540</u>	<u>1,830,498</u>	<u>588,042</u>
Facilities Acquisition and Construction					
Buildings/Renovations		1,457,830	1,457,830	1,420,305	37,525
Instructional Equipment		10,456	10,456	4,166	6,290
Noninstructional Equipment	-	7,339	7,339	-	7,339
Total Facilities Acq. & Construction	<u>-</u>	<u>1,475,625</u>	<u>1,475,625</u>	<u>1,424,471</u>	<u>51,154</u>
Total Expenditures	<u>\$ 3,753,793</u>	<u>\$ 3,955,833</u>	<u>\$ 7,709,626</u>	<u>\$ 6,504,147</u>	<u>\$ 1,205,479</u>
Excess (Deficiency) of Revenues Over/(Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, Beginning of Year	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances, End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
REQUIRED SUPPLEMENTARY INFORMATION  
BUDGETARY COMPARISON SCHEDULE  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Formal budgetary integration into the accounting system is employed as a management control device during the year. For governmental funds there are no substantial differences between the budgetary basis of accounting and accounting principles generally accepted in the United States of America, with the exception of the legally mandated revenue recognition of certain state aid payments for budgetary purposes only and the treatment of encumbrances in the special revenue fund as described below. Encumbrance accounting is also employed as an extension of formal budgetary integration of the governmental fund types. Unencumbered appropriations lapse at fiscal year end.

The accounting records of the Special Revenue Funds are maintained on the grant accounting budgetary basis. The grant accounting budgetary basis differs from GAAP in that the grant accounting budgetary basis recognizes encumbrances as expenditures and also recognizes the related revenues, whereas the GAAP basis does not. Sufficient supplemental records are maintained to allow for the presentation of GAAP basis financial reports.

The following presents a reconciliation of the General and Special Revenue Funds from the budgetary basis of accounting as presented in the Budgetary Comparison Schedule - General Fund and Special Revenue Fund to the GAAP basis of accounting as presented in the Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds.

	<b><u>General Fund</u></b>	<b><u>Special Revenue Fund</u></b>
<b>Sources/inflows of resources</b>		
Actual amounts (budgetary basis) "revenue"		
from the budgetary comparison schedule (Exhibit C-2)	\$ 133,209,970	\$ 6,504,147
Difference - Budget to GAAP:		
Grant accounting budgetary basis differs from GAAP in that encumbrances are recognized as expenditures, and the related revenue is recognized.		
Encumbrances, June 30, 2010		221,264
Encumbrances, June 30, 2011		(964,366)
State Aid Payments recognized for GAAP purposes not recognized for Budgetary statements (2009/2010 State Aid)	2,627,635	101,328
State Aid Payments recognized for budgetary purposes not recognized for GAAP statements until the subsequent year (2010/2011 State Aid)	<u>(2,312,830)</u>	<u>-</u>
Total revenues as reported on the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds.	<u>\$ 133,524,775</u>	<u>\$ 5,862,373</u>
<b>Uses/outflows of resources</b>		
Actual amounts (budgetary basis) "total outflows" from the budgetary comparison schedule	\$ 133,698,562	\$ 6,504,147
Differences - Budget to GAAP		
Encumbrances for supplies and equipment ordered but not received are reported in the year the order is placed for <i>budgetary</i> purposes, but in the year the supplies are received for financial reporting purposes.		
Encumbrances, June 30, 2010		221,264
Encumbrances, June 30, 2011	<u>-</u>	<u>(964,366)</u>
Total expenditures as reported on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	<u>\$ 133,698,562</u>	<u>\$ 5,761,045</u>

**SCHOOL LEVEL SCHEDULES**

**(General Fund)**

**NOT APPLICABLE**

**SPECIAL REVENUE FUND**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
COMBINING SCHEDULE OF PROGRAM REVENUES AND EXPENDITURES - BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	Nonpublic										ARRA		Page 2 Totals	Grand Totals
	Home					Carol. M. White	IDEA		ARRA					
	ESL	Instruction	Nursing	Textbooks	Suppl.Inst.	Compens. Education	Exam. and Class.	Corrective Speech	Physical Education Program	Part B-Basic Res.Prog.	Part B-Preschool			
REVENUES														
Intergovernmental														
State	\$ 1,195	\$ 1,450	\$ 91,731	\$ 77,413	\$ 37,799	\$ 28,802	\$ 76,059	\$ 30,902	\$ 8,646	\$ 1,657,215	\$ 1,766,233	\$ 67,377	\$ 1,153,846	\$ 1,479,197
Federal													1,482,628	4,982,099
Miscellaneous													42,851	42,851
Total Revenues	\$ 1,195	\$ 1,450	\$ 91,731	\$ 77,413	\$ 37,799	\$ 28,802	\$ 76,059	\$ 30,902	\$ 8,646	\$ 1,657,215	\$ 1,766,233	\$ 67,377	\$ 2,659,325	\$ 6,504,147
EXPENDITURES														
Instruction														
Salaries of Teachers										\$ 186,435			\$ 1,194,586	\$ 1,381,021
Salaries of Other Professional Staff													25,953	25,953
Other Salaries for Instruction										578,229			192,288	770,517
Other Salaries										145,586				145,586
Purchased Prof. and Technical Services										64,515			154,722	219,237
Purchased Prof. and Educational Services	\$ 1,195	\$ 1,450	\$ 91,731		37,799	\$ 28,802	\$ 76,059	\$ 30,902	\$ 4,480	\$ 22,728	9,925	\$ 64,916	7,212	275,150
General Supplies													246,879	348,928
Textbooks				\$ 77,413										77,413
Other Objects													5,373	5,373
Total Instruction	1,195	1,450	91,731	77,413	37,799	28,802	76,059	30,902	4,480	22,728	984,690	64,916	1,827,013	3,249,178
Support Services														
Salaries of Principals/Assistant Principals/Program Directors											181,656		75,340	256,976
Salaries of Other Professional Staff													40,000	40,000
Salaries of Secretarial and Clerical Asst.											48,820		4,733	53,553
Other Salaries for Instruction											34,259			34,259
Personal Services - Employee Benefits											127,751		338,902	466,653
Purchased Prof. and Educational Svcs													919	919
Purchased Prof. and Technical Svcs										190,370	388,677	2,461	58,707	640,215
Contracted Services- Transportation										5,200			215,248	220,448
Other Purchased Services													30,144	30,144
Supplies and Materials										18,612	400		68,076	87,088
Other Objects													243	243
Total Support Services										214,182	781,543	2,461	832,312	1,830,498
Facilities Acquisition and Construction Services														
Buildings/Renovations														1,420,305
Instructional Equipment									4,166					4,166
Noninstructional Equipment														
Total Facilities Acquisition and Construction Services									4,166					1,424,471
Total Special Revenue Expenditures	\$ 1,195	\$ 1,450	\$ 91,731	\$ 77,413	\$ 37,799	\$ 28,802	\$ 76,059	\$ 30,902	\$ 8,646	\$ 1,657,215	\$ 1,766,233	\$ 67,377	\$ 2,659,325	\$ 6,504,147



REVENUES															Page 2
	NCLB Title III	Donations		IDEA Pre-School Res.Prog.	ARRA Title I-SIA	NCLB Title I	Character Education Aid	NCLB Title IV	NCLB Title II-A	NCLB Title III-D	ARRA Title I	Title III Immigrant	Preschool Education Aid	Title I-SIA	Total
		Local Programs													
Intergovernmental															
State	\$ 90,190	\$ 55,528	\$ 12,939	\$ 778,747	\$ 5,373	\$ 17,437	\$ 270,140	\$ 2,897	\$ 164,165	\$ 54,017	\$ 36,548	\$ 1,128,473	\$ 1,133,846		
Federal	-	\$ 42,851	-	-	-	-	-	-	-	-	-	-	-	-	42,851
Miscellaneous															
Total Revenues	\$ 90,190	\$ 55,528	\$ 12,939	\$ 778,747	\$ 5,373	\$ 17,437	\$ 270,140	\$ 2,897	\$ 164,165	\$ 54,017	\$ 36,548	\$ 1,128,473	\$ 2,659,325		
EXPENDITURES															
Instruction															
Salaries of Teachers	\$ 19,000	\$ 7,345	\$ 408,769	\$ 15,392	\$ 192,614	\$ 8,781	\$ 455,436	\$ 1,194,586							
Salaries of Other Professional Staff	25,953						25,953								
Other Salaries for Instruction			6,065				186,223	192,288							
Purchased Prof. and Technical Services		\$ 2,170	139,473			13,079	154,722	154,722							
Purchased Prof. and Educational Services		304	6,908				7,212	7,212							
General Supplies	29,849	5,346	64,432			37,166	44,564	246,879							
Textbooks															
Other Objects	-	-	-	\$ 5,373	-	-	-	-	-	-	-	-	-	-	5,373
Total Instruction	74,802	35,528	7,516	625,647	5,373	15,392	192,614	-	137,494	55,345	24,808	654,494	1,827,013		
Support Services															
Salaries of Supervisors of Instruction															
Salaries of Principals/Assistant Principals/Program Directors							11,340						64,000	75,340	75,340
Salaries of Other Professional Staff		40,000											40,000		40,000
Salaries of Secretarial and Clerical Asst.													4,733	4,733	4,733
Other Salaries															
Personal Services - Employee Benefits	4,768	8,012		77,922		1,177	41,630		12,773	672		191,948	338,902		338,902
Purchased Prof. and Educational Svcs		919											919		919
Purchased Prof. and Technical Svcs	6000			19,264			19,545		13,898				58,707		58,707
Contracted Services- Transportation													213,298		213,298
Other Purchased Services	2,831	6,604		13,589									1,950		1,950
Supplies and Materials	1,789	-	\$ 12,939	42,282		888	5,011	\$ 2,897					7,520		30,144
Other Objects	-	-	-	243	-	-	-	-	-	-	-	-	-	-	243
Total Support Services	15,388	7,523	48,012	153,100	-	2,065	77,526	2,897	26,671	672		473,979	832,312		832,312
Facilities Acquisition and Construction Services															
Instructional Equipment															
Total Facilities Acquisition and Construction Services															
Total Special Revenue Expenditures	\$ 90,190	\$ 42,851	\$ 55,528	\$ 778,747	\$ 5,373	\$ 17,437	\$ 270,140	\$ 2,897	\$ 164,165	\$ 54,017	\$ 36,548	\$ 1,128,473	\$ 2,659,325		

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SPECIAL REVENUE FUND  
SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>DISTRICT-WIDE</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Instruction			
Salaries of Teachers	\$ 520,562	\$ 455,436	\$ 65,126
Other Salaries for Instruction	205,072	186,223	18,849
General Supplies	59,903	12,835	47,068
Total Instruction	785,537	654,494	131,043
Support Services			
Salaries of Program Directors	65,378	64,000	1,378
Salaries of Secretarial and Clerical Asst.	5,857	4,733	1,124
Personal Services - Employee Benefits	192,038	191,948	90
Contracted Services- Transportation	228,537	213,298	15,239
Supplies and Materials	2,400	-	2,400
Total Support Services	494,210	473,979	20,231
Total Expenditures	\$ 1,279,747	\$ 1,128,473	\$ 151,274

**SUMMARY OF LOCATION TOTALS**

Total 2010-2011 Preschool Education Aid Allocation	\$ 1,013,278
Actual Preschool Education Carryover (June 30, 2010)	317,120
Total Preschool Education Aid Funds Available for 2010-2011 Budget	1,330,398
Less: 2010-2011 Budgeted Preschool Education Aid (Including Prior Year Budgeted Carryover)	1,279,747
Available & Unbudgeted Preschool Education Aid Funds as of June 30, 2011	50,651
Add: 2010-2011 Unexpended Preschool Education Aid	151,274
2010-2011 Actual Carryover - Preschool Education Aid	\$ 201,925
2010-2011 Preschool Education Aid Carryover Budgeted in 2011-2012	\$ 88,986

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SPECIAL REVENUE FUND**  
**SCHEDULE OF PRESCHOOL EDUCATION AID EXPENDITURES**  
**BUDGETARY BASIS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<b>PROGRAM: PRESCHOOL HALF-DAY 4 YEAR OLDS</b>	<b>Budgeted</b>	<b>Actual</b>	<b>Variance</b>
Instruction			
Salaries of Teachers	\$ 520,562	\$ 455,436	\$ 65,126
Other Salaries for Instruction	205,072	186,223	18,849
General Supplies	59,903	12,835	47,068
Total Instruction	785,537	654,494	131,043
Support Services			
Salaries of Program Directors	65,378	64,000	1,378
Salaries of Secretarial and Clerical Asst.	5,857	4,733	1,124
Personal Services - Employee Benefits	192,038	191,948	90
Contracted Services- Transportation	228,537	213,298	15,239
Supplies and Materials	2,400	-	2,400
Total Support Services	494,210	473,979	20,231
Total Expenditures	\$ 1,279,747	\$ 1,128,473	\$ 151,274

**CAPITAL PROJECTS FUND**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF PROJECT EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

<u>Issue/Project Title</u>	<u>Appropriations</u>	<u>Expenditures to Date</u>		<u>Balance, June 30, 2011</u>
		<u>Prior Years</u>	<u>Current Year</u>	
Construction of New High School and Renovations to Existing Schools	\$ 74,729,155	\$ 74,723,172	\$ 5,983	
Franklin Park Elementary School- Annex	296,472	263,559		\$ 32,913
Elizabeth Avenue Elementary School Renovations	489,494	384,972		104,522
Greenhouse- MacAfee Road School	7,000	3,508		3,492
Franklin High School Track/Athletic Field Renovations	<u>2,833,956</u>	<u>1,736,984</u>	<u>1,074,715</u>	<u>22,257</u>
	<u>\$ 78,356,077</u>	<u>\$ 77,112,195</u>	<u>\$ 1,080,698</u>	<u>\$ 163,184</u>
Less:				
Authorized But Not Issued				\$ (638)
Unearned SDA Grant Revenue				<u>(137,435)</u>
Fund Balance- GAAP Basis				<u>\$ 25,111</u>
<u>Reconciliation of Fund Balance:</u>				
Restricted:				
Year End Encumbrances				\$ 22,564
Available for Capital Projects				<u>2,547</u>
Total Fund Balance-Restricted for Capital Projects				<u>\$ 25,111</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SUMMARY SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -  
BUDGETARY BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**Expenditures and Other Financing Uses****Expenditures**

Purchased Professional and Technical Services	\$ 41,761
Construction Services	<u>1,038,937</u>
Total Expenditures	<u>1,080,698</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,080,698)
Fund Balance - Beginning of Year	<u>1,243,244</u>
Fund Balance - End of Year	<u><u>\$ 162,546</u></u>
Reconciliation to Governmental Funds Statements (GAAP):	
Fund Balance per Governmental Funds (Budgetary)	\$ 162,546
Less: Deferred SDA Grant Revenue Not Recognized on GAAP Basis	<u>(137,435)</u>
Fund Balance per Governmental Funds (GAAP)	<u><u>\$ 25,111</u></u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**FRANKLIN PARK RENOVATIONS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Bond Proceeds	\$ 60,441		\$ 60,441	\$ 60,441
State Sources- SCC Grant	26,498	-	26,498	26,498
Total Revenues	86,939	-	86,939	86,939
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	2,409		2,409	2,409
Legal Services	15,960		15,960	15,960
Construction Services	63,233		63,233	63,233
Unallocated	5,337	-	5,337	5,337
Total Expenditures and other Financing Sources	86,939	-	86,939	86,939
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610080010503
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 60,441
Original Authorized Cost	\$ 110,000
Revised Authorized Cost	\$ 86,939
Percentage Completion	100.00%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 HILLCREST SCHOOL RENOVATION  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 280,800	-	\$ 280,800	\$ 280,800
Bond Proceeds	674,959	-	674,959	674,959
Total Revenues	955,759	-	955,759	955,759
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	21,709		21,709	21,709
Construction Services	834,189	\$ 182	834,371	834,371
Equipment	27,855		27,855	27,855
Unallocated	71,824	-	71,824	71,824
Total Expenditures and other Financing Sources	955,577	182	955,759	955,759
Excess (deficiency) of Revenues over (under) Expenditures	\$ 182	\$ (182)	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610100010504
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 674,959
Original Authorized Cost	\$ 1,135,000
Revised Authorized Cost	\$ 955,759
Percentage Completion	100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005



FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 CONERLY ROAD SCHOOL RENOVATIONS  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 230,343		\$ 230,343	\$ 230,343
Bond Proceeds	295,968	-	295,968	295,968
Total Revenues	526,311	-	526,311	526,311
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	13,461		13,461	13,461
Construction Services	453,462		453,462	453,462
Unallocated	59,388	-	59,388	59,388
Total Expenditures and other Financing Sources	526,311	-	526,311	526,311
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610055010505
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 295,968
Original Authorized Cost	\$ 696,000
Revised Authorized Cost	\$ 526,311
Percentage Completion	100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**SAMPSON G. SMITH SCHOOL RENOVATIONS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 101,283		\$ 101,283	\$ 101,283
Bond Proceeds	<u>172,712</u>	<u>-</u>	<u>172,712</u>	<u>172,712</u>
Total Revenues	<u>273,995</u>	<u>-</u>	<u>273,995</u>	<u>273,995</u>
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	15,097		15,097	15,097
Construction Services	230,348		230,348	230,348
Unallocated	<u>28,550</u>	<u>-</u>	<u>28,550</u>	<u>28,550</u>
Total Expenditures and other Financing Sources	<u>273,995</u>	<u>-</u>	<u>273,995</u>	<u>273,995</u>
Excess (deficiency) of Revenues over (under) Expenditures	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

## Additional Project Information:

Project Number	SP# 1610160010506
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 172,712
Original Authorized Cost	\$ 481,000
Revised Authorized Cost	\$ 273,995
Percentage Completion	100.00%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**EXISTING FRANKLIN HIGH SCHOOL RENOVATIONS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 534,077		\$ 534,077	\$ 534,077
Bond Proceeds	795,625	-	795,625	795,625
Total Revenues	1,329,702	-	1,329,702	1,329,702
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	31,809		31,809	31,809
Construction Services	1,045,285		1,045,285	1,045,285
Supplies and Materials	29,939		29,939	29,939
Unallocated	222,669	-	222,669	222,669
Total Expenditures and other Financing Sources	1,329,702	-	1,329,702	1,329,702
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610050010507
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 795,625
Original Authorized Cost	\$ 1,348,000
Revised Authorized Cost	\$ 1,329,702
Percentage Completion	100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**EARLY CHILDHOOD DEVELOPMENT CENTER RENOVATIONS**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 249,600		\$ 249,600	\$ 249,600
Bond Proceeds	374,400	-	374,400	374,400
Total Revenues	624,000	-	624,000	624,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	15,692		15,692	15,692
Construction Services	572,087		572,087	572,087
Unallocated	36,221	-	36,221	36,221
Total Expenditures and other Financing Sources	624,000	-	624,000	624,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610E01010508
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 374,400
Original Authorized Cost	\$ 624,000
Revised Authorized Cost	\$ 624,000

Percentage Completion	100.0%
Original Target Completion Date	3/28/2005
Revised Target Completion Date	3/28/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 NEW FRANKLIN HIGH SCHOOL  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 16,562,023		\$ 16,562,023	\$ 16,562,023
Bond Proceeds	44,650,777		44,650,777	44,650,777
Transfer from Capital Outlay	1,800,000		1,800,000	1,800,000
Transfer from Capital Reserve	3,170,065	-	3,170,065	3,170,065
Total Revenues	66,182,865	-	66,182,865	66,182,865
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	310,915		310,915	310,915
Construction Services	35,268,074	\$ 3,989	35,272,063	35,272,063
Supplies and Materials	1,241,403		1,241,403	1,241,403
Equipment Purchases	92,908		92,908	92,908
Unallocated	29,265,576	-	29,265,576	29,265,576
Total Expenditures and other Financing Sources	66,178,876	3,989	66,182,865	66,182,865
Excess (deficiency) of Revenues over (under) Expenditures	\$ 3,989	\$ (3,989)	\$ -	\$ -
Additional Project Information:				
Project Number	SP# 1610N01010500			
Grant Date	12/13/2001			
Bond Issue Date	8/15/2001			
Bonds Issued	\$ 44,650,777			
Original Authorized Cost	\$ 61,212,800			
Additional Authorized Cost	\$ 4,970,065			
Revised Authorized Cost	\$ 66,182,865			
Percentage Increase over Original Authorized				
Cost	8.12%			
Percentage Completion	100.0%			
Original Target Completion Date	9/15/2005			
Revised Target Completion Date	9/21/2005			

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
 CAPITAL PROJECTS FUND  
 SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
 BUDGETARY BASIS  
 MacAFEE ROAD SCHOOL ADDITION/ RENOVATIONS  
 FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 399,935		\$ 399,935	\$ 399,935
Bond Proceeds	919,454	-	919,454	919,454
Total Revenues	1,319,389	-	1,319,389	1,319,389
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	15,041		15,041	15,041
Construction Services	1,107,627	\$ 1,174	1,108,801	1,108,801
Unallocated	195,547	-	195,547	195,547
Total Expenditures and other Financing Sources	1,318,215	1,174	1,319,389	1,319,389
Excess (deficiency) of Revenues over (under) Expenditures	\$ 1,174	\$ (1,174)	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610115010501
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 919,454
Original Authorized Cost	\$ 1,387,000
Revised Authorized Cost	\$ 1,319,389
Percentage Completion	100.0%
Original Target Completion Date	9/1/2005
Revised Target Completion Date	9/1/2005

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
PINE GROVE MANOR SCHOOL ADDITION/ RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 409,204		\$ 409,204	\$ 409,204
Bond Proceeds	1,704,970	-	1,704,970	1,704,970
Total Revenues	2,114,174	-	2,114,174	2,114,174
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased professional and technical services	253		253	253
Construction Services	693,167		693,167	693,167
Supplies and Materials	26,643		26,643	26,643
Unallocated	1,394,111	-	1,394,111	1,394,111
Total Expenditures and other Financing Sources	2,114,174	-	2,114,174	2,114,174
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 16101040010502
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 1,704,970
Original Authorized Cost	\$ 2,188,000
Revised Authorized Cost	\$ 2,114,174
Percentage Completion	100.0%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2004

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
ELIZABETH AVENUE SCHOOL ADDITION/ RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 321,837		\$ 321,837	\$ 321,837
Bond Proceeds	598,056	-	598,056	598,056
Total Revenues	919,893	-	919,893	919,893
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	624		624	624
Construction Services	249,087		249,087	249,087
Supplies and Materials	1,881		1,881	1,881
Unallocated	668,301	-	668,301	668,301
Total Expenditures and other Financing Sources	919,893	-	919,893	919,893
Excess (deficiency) of Revenues over (under) Expenditures	\$ -	\$ -	\$ -	\$ -

## Additional Project Information:

Project Number	SP# 1610070000018
Grant Date	12/13/2001
Bond Issue Date	8/15/2001
Bonds Issued	\$ 598,056
Original Authorized Cost	\$ 936,000
Revised Authorized Cost	\$ 919,893
Percentage Completion	100.0%
Original Target Completion Date	9/1/2004
Revised Target Completion Date	9/1/2004



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**FRANKLIN PARK ELEMENTARY SCHOOL - ANNEX**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 116,699		\$ 116,699	\$ 116,699
Transfer from Capital Reserve	179,773	-	179,773	179,773
Total Revenues	296,472	-	296,472	296,472
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	12,590		12,590	12,590
Construction Services	250,969	-	250,969	283,882
Total Expenditures and other Financing Sources	263,559	-	263,559	296,472
Excess (deficiency) of Revenues over (under) Expenditures	\$ 32,913	\$ -	\$ 32,913	\$ -

## Additional Project Information:

Project Number	SP# 1610-080-05-1000
Grant Date	5/17/2005
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 91,148
Revised Authorized Cost	\$ 296,472
Percentage Completion	97.0%
Original Target Completion Date	
Revised Target Completion Date	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**ELIZABETH AVENUE ELEMENTARY SCHOOL**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
State Sources- SCC Grant	\$ 195,798		\$ 195,798	\$ 195,798
Transfer from Capital Reserve	293,696	-	293,696	293,696
Total Revenues	489,494	-	489,494	489,494
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	8,643		8,643	8,643
Construction Services	376,329	-	376,329	480,851
Total Expenditures and other Financing Sources	384,972	-	384,972	489,494
Excess (deficiency) of Revenues over (under) Expenditures	\$ 104,522	\$ -	\$ 104,522	\$ -

## Additional Project Information:

Project Number	SP# 1610-070-05-1000
Grant Date	5/17/2005
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 489,494
Revised Authorized Cost	\$ 489,494
Percentage Completion	95.0%
Original Target Completion Date	
Revised Target Completion Date	

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CAPITAL PROJECTS FUND**  
**SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -**  
**BUDGETARY BASIS**  
**MACAFEE ROAD SCHOOL GREENHOUSE**  
**FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 7,000	-	\$ 7,000	7,000
Total Revenues	7,000	-	7,000	7,000
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	3,508	-	3,508	7,000
Total Expenditures and other Financing Sources	3,508	-	3,508	7,000
Excess (deficiency) of Revenues over (under) Expenditures	\$ 3,492	\$ -	\$ 3,492	\$ -
Additional Project Information:				
Project Number	1610-115-07-1000			
Grant Date	N/A			
Bond Issue Date	N/A			
Bonds Issued	N/A			
Original Authorized Cost	\$ 51,090			
Revised Authorized Cost	\$ 7,000			
Percentage Completion	100%			
Original Target Completion Date	9/1/2009			
Revised Target Completion Date	9/1/2009			

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
CAPITAL PROJECTS FUND  
SCHEDULE OF PROJECT REVENUES, EXPENDITURES, PROJECT BALANCES AND PROJECT STATUS -  
BUDGETARY BASIS  
FRANKLIN HIGH SCHOOL TRACK RENOVATIONS  
FROM INCEPTION AND FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Prior Periods</u>	<u>Current Year</u>	<u>Totals</u>	<u>Revised Authorized Cost</u>
REVENUES AND OTHER FINANCING SOURCES				
Transfer from Capital Reserve	\$ 2,833,956	-	\$ 2,833,956	2,833,956
Total Revenues	2,833,956	-	2,833,956	2,833,956
EXPENDITURES AND OTHER FINANCING SOURCES				
Purchased Professional and Technical Services	146,684	\$ 41,761	188,445	201,956
Construction Services	1,590,300	1,032,954	2,623,254	2,632,000
Total Expenditures and other Financing Sources	1,736,984	1,074,715	2,811,699	2,833,956
Excess (deficiency) of Revenues over (under) Expenditures	\$ 1,096,972	\$ (1,074,715)	\$ 22,257	\$ -

## Additional Project Information:

Project Number	1610-050-09-1000
Grant Date	N/A
Bond Issue Date	N/A
Bonds Issued	N/A
Original Authorized Cost	\$ 2,906,300
Revised Authorized Cost	\$ 2,833,956
Percentage Completion	99%
Original Target Completion Date	5/2010
Revised Target Completion Date	2011/12

**ENTERPRISE FUNDS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADULT EDUCATION ENTERPRISE FUND  
STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<b>Non-Major Enterprise <u>Fund</u></b>
<b>ASSETS</b>	
Current Assets	
Cash and Cash Equivalents	\$ 4,974
Total Assets	<u>4,974</u>
<b>NET ASSETS</b>	
Unrestricted	<u>4,974</u>
Total Net Assets	<u>\$ 4,974</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADULT EDUCATION ENTERPRISE FUND  
STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Non-Major Enterprise <u>Fund</u></b>
<b>OPERATING REVENUES</b>	
Charges for Services	
Program Fees	-
	-
Total Operating Revenues	-
<b>OPERATING EXPENSES</b>	
Salaries and Employee Benefits	
Other Purchased Services	
Miscellaneous	-
	-
Total Operating Expenses	-
Operating Loss	-
<b>NONOPERATING REVENUES</b>	
Interest and Investment Revenue	\$ 7
	7
Total Nonoperating Revenues	7
Change in Net Assets	7
Net Assets, Beginning of Year	4,967
Net Assets, End of Year	\$ 4,974

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
ADULT EDUCATION ENTERPRISE FUND  
STATEMENT OF CASH FLOWS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Non-Major Enterprise <u>Fund</u></b>
<b>Cash Flows from Operating Activities</b>	
Cash Payments for Employees' Salaries and Benefits	\$ (568)
Net Cash Provided (Used) by Operating Activities	<u>(568)</u>
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	<u>7</u>
Net Cash Provided by Investing Activities	<u>7</u>
Net Decrease in Cash and Cash Equivalents	(561)
Cash and Cash Equivalents, Beginning of Year	<u>32,881</u>
Cash and Cash Equivalents, End of Year	<u>\$ 32,320</u>
<b>Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities</b>	
Operating Income (Loss)	<u>-</u>
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities	
Change in Assets and Liabilities	
Increase/(Decrease) in Accounts Payable	<u>\$ (568)</u>
Total Adjustments	<u>(568)</u>
Net Cash Provided (Used) by Operating Activities	<u>\$ (568)</u>



## **FIDUCIARY FUNDS**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF NET ASSETS  
AS OF JUNE 30, 2011**

	<u>Student Activity</u>	<u>Payroll</u>	<u>Total Agency Funds</u>
<b>ASSETS</b>			
Cash	\$ 222,283	\$ 3,032,510	\$ 3,254,793
Total Assets	<u>\$ 222,283</u>	<u>\$ 3,032,510</u>	<u>\$ 3,254,793</u>
<b>LIABILITIES</b>			
Payroll Deductions and Withholdings Payable		\$ 83,054	\$ 83,054
Accrued Salaries & Wages		2,949,456	2,949,456
Due to Student Groups	<u>\$ 222,283</u>	<u>-</u>	<u>222,283</u>
Total Liabilities	<u>\$ 222,283</u>	<u>\$ 3,032,510</u>	<u>\$ 3,254,793</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
FIDUCIARY FUNDS  
COMBINING STATEMENT OF CHANGES IN NET ASSETS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

NOT APPLICABLE

**STUDENT ACTIVITY AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Balance, July 1, <u>2010</u></b>	<b>Cash <u>Receipts</u></b>	<b>Cash <u>Disbursements</u></b>	<b>Balance, June 30, <u>2011</u></b>
<b>ELEMENTARY SCHOOLS</b>				
Franklin Park	\$ 3,313	\$ 11,454	\$ 12,263	\$ 2,504
Hillcrest	1,455	2,251	3,254	452
Sampson G. Smith	30,999	58,939	51,392	38,546
 <b>MIDDLE SCHOOL</b>	 52,780	 97,201	 91,804	 58,177
 <b>HIGH SCHOOL</b>	 <u>124,716</u>	 <u>401,683</u>	 <u>403,795</u>	 <u>122,604</u>
 <b>Total</b>	 <u>\$ 213,263</u>	 <u>\$ 571,528</u>	 <u>\$ 562,508</u>	 <u>\$ 222,283</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PAYROLL AGENCY FUND  
SCHEDULE OF RECEIPTS AND DISBURSEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<b>Balance, July 1, <u>2010</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b>Balance, June 30, <u>2011</u></b>
Payroll Deductions and Withholdings	\$ 61,368	\$ 34,833,035	\$ 34,811,349	\$ 83,054
Accrued Salaries and Wages	<u>2,822,506</u>	<u>92,967,494</u>	<u>92,840,544</u>	<u>2,949,456</u>
	<u>\$ 2,883,874</u>	<u>\$ 127,800,529</u>	<u>\$ 127,651,893</u>	<u>\$ 3,032,510</u>

## **LONG-TERM DEBT**

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF SERIAL BONDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

<u>Issue</u>	<u>Date of Issue</u>	<u>Amount of Issue</u>	<u>Annual Maturities Date</u>	<u>Interest Rate</u>	<u>Balance, July 1, 2010</u>	<u>Decreased</u>	<u>Balance, June 30, 2011</u>
School District Bonds	4/15/2001	\$ 50,248,000	8/15/2011	Var.	\$ 4,400,000	\$ 2,200,000	\$ 2,200,000
Refunding School Bonds	3/1/2003	\$ 11,540,000	8/15/2011 8/15/2012 8/15/2013 8/15/2014 8/15/2015 8/15/2016	Var.			
					7,670,000	1,145,000	6,525,000
Refunding School Bonds	6/29/2006	\$ 10,000,000	8/15/2011-16 8/15/2017-21 8/15/2022 8/15/2023 8/15/2024 8/15/2025 8/15/2026	3.75-4.00% 4.15% 4.35% 4.375% 4.375% 4.375% 4.375%			
					9,780,000	15,000	9,765,000
Refunding School Bonds	6/25/2009	\$ 24,970,000	8/15/2011 8/15/2012 8/15/2013 8/15/2014 8/15/2015 8/15/2016 8/15/2017 8/15/2018 8/15/2019 8/15/2020-21 8/15/2022 8/15/2023	3.000% 4.000% 4.000% 4.500% 4.000% 5.000% 5.000% 4.250% 5.000% 5.000% 5.000% 4.000%			
					24,595,000	5,000	24,590,000
					<u>\$ 46,445,000</u>	<u>\$ 3,365,000</u>	<u>\$ 43,080,000</u>
						<u>\$ 3,365,000</u>	

**EXHIBIT I-2**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LONG-TERM DEBT  
SCHEDULE OF OBLIGATIONS UNDER CAPITAL LEASES  
FOR THE FISCAL YEAR JUNE 30, 2011**

**NOT APPLICABLE**

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
DEBT SERVICE FUND  
BUDGETARY COMPARISON SCHEDULE  
BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Budget Transfers</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Final to Actual</u>
<b>REVENUES</b>					
Local Sources					
Local Tax Levy	\$ 5,256,152	-	\$ 5,256,152	\$ 5,256,152	-
Total Revenues	5,256,152	-	5,256,152	5,256,152	-
<b>EXPENDITURES</b>					
Regular Debt Service					
Interest on Bonds	1,962,476		1,962,476	1,962,476	-
Redemption of Principal	3,365,000	-	3,365,000	3,365,000	-
Total Expenditures	5,327,476	-	5,327,476	5,327,476	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	(71,324)	-	(71,324)	(71,324)	-
Net Change in Fund Balances	(71,324)	-	(71,324)	(71,324)	-
Fund Balance, Beginning of Year	71,324	-	71,324	71,324	-
Fund Balance, End of Year	\$ -	\$ -	\$ -	\$ -	\$ -



## STATISTICAL SECTION

This part of the Franklin Township Public School's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

### **Contents**

### **Exhibits**

#### **Financial Trends**

These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.

J-1 to J-5

#### **Revenue Capacity**

These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.

J-6 to J-9

#### **Debt Capacity**

These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.

J-10 to J-13

#### **Demographic and Economic Information**

These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.

J-14 and J-15

#### **Operating Information**

These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.

J-16 to J-20

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**NET ASSETS BY COMPONENT**  
**LAST NINE FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008 (Restated)	2009	2010	2011
Governmental Activities									
Invested in Capital Assets, Net of Related Debt	\$ 4,806,808	\$ 13,695,160	\$ 26,501,413	\$ 33,813,407	\$ 34,220,564	\$ 33,831,771	\$ 35,149,989	\$ 38,398,886	\$ 41,107,004
Restricted	3,615,334	4,564,245	2,014,805	987,610	1,083,816	2,200,667	3,152,950	469,197	494,561
Unrestricted	1,971,231	6,329,840	5,305,968	5,014,588	7,053,547	4,289,887	(1,090,978)	(360,174)	(1,300,219)
Total Governmental Activities Net Assets	\$ 10,393,373	\$ 24,589,245	\$ 33,822,186	\$ 39,815,605	\$ 42,357,927	\$ 40,322,325	\$ 37,211,961	\$ 38,507,909	\$ 40,301,346
Business-Type Activities									
Invested in Capital Assets	\$ 243,634	\$ 220,353	\$ 259,304	\$ 225,138	\$ 190,972	\$ 303,922	\$ 290,405	\$ 290,826	\$ 252,883
Restricted									
Unrestricted	743,946	776,834	741,067	1,096,663	1,414,083	1,025,301	1,040,844	1,002,349	1,020,653
Total Business-Type Activities Net Assets	\$ 987,580	\$ 997,187	\$ 1,000,371	\$ 1,321,801	\$ 1,605,055	\$ 1,329,223	\$ 1,331,249	\$ 1,293,175	\$ 1,273,536
District-Wide									
Invested in Capital Assets, Net of Related Debt	\$ 5,050,442	\$ 13,915,513	\$ 26,760,717	\$ 34,038,545	\$ 34,411,536	\$ 34,135,693	\$ 35,440,394	\$ 38,689,712	\$ 41,359,887
Restricted	3,615,334	4,564,245	2,014,805	987,610	1,083,816	2,200,667	3,152,950	469,197	494,561
Unrestricted	2,715,177	7,106,674	6,047,035	6,111,251	8,467,630	5,315,188	(50,134)	642,175	(279,566)
Total District Net Assets	\$ 11,380,953	\$ 25,586,432	\$ 34,822,557	\$ 41,137,406	\$ 43,962,982	\$ 41,651,548	\$ 38,543,210	\$ 39,801,084	\$ 41,574,882

Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CHANGES IN NET ASSETS**  
**LAST NINE FISCAL YEARS**  
(Unaudited)  
*(accrual basis of accounting)*

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Business-Type Activities:</b>									
Charges For Services:									
Food Service	996,998	1,121,654	1,147,708	1,309,147	1,281,876	1,273,416	1,276,337	1,196,709	1,217,436
Child Care	642,448	663,898	673,467	802,010	970,820	1,036,865	1,060,079	982,827	891,065
Other Business-Types	81,049	70,760	69,014	65,090	76,173	76,294	67,941	22,118	
Operating Grants And Contributions	529,330	614,293	702,069	837,237	881,792	1,006,345	1,106,970	1,362,697	1,494,268
Capital Grants And Contributions	-	-	-	-	-	-	-	16,882	-
<b>Total Business Type Activities Program Revenues</b>	<b>2,249,825</b>	<b>2,470,605</b>	<b>2,592,258</b>	<b>3,013,484</b>	<b>3,160,661</b>	<b>3,392,920</b>	<b>3,511,327</b>	<b>3,581,233</b>	<b>3,602,769</b>
<b>Total District Program Revenues</b>	<b>\$ 22,867,371</b>	<b>\$ 27,856,538</b>	<b>\$ 30,745,036</b>	<b>\$ 29,988,553</b>	<b>\$ 28,290,104</b>	<b>\$ 29,584,969</b>	<b>\$ 24,763,043</b>	<b>\$ 28,333,481</b>	<b>\$ 23,597,949</b>
<b>Net (Expense)/Revenue</b>									
Governmental Activities	\$ (70,174,177)	\$ (70,988,818)	\$ (75,554,071)	\$ (93,049,360)	\$ (103,422,258)	\$ (110,061,544)	\$ (118,824,282)	\$ (117,044,030)	\$ (123,093,634)
Business-Type Activities	(233,684)	(110,807)	(92,797)	290,921	175,023	(314,754)	(8,456)	(42,178)	(22,066)
<b>Total District-Wide Net Expense</b>	<b>\$ (70,407,861)</b>	<b>\$ (71,099,625)</b>	<b>\$ (75,646,868)</b>	<b>\$ (92,758,439)</b>	<b>\$ (103,247,235)</b>	<b>\$ (110,376,298)</b>	<b>\$ (118,832,738)</b>	<b>\$ (117,086,208)</b>	<b>\$ (123,115,700)</b>
<b>General Revenues and Other Changes in Net Assets</b>									
Governmental Activities:									
Property Taxes Levied For General Purposes, Net	\$ 69,092,605	\$ 77,334,451	\$ 78,460,736	\$ 90,990,075	\$ 96,893,929	\$ 100,491,900	\$ 103,710,205	\$ 107,858,613	\$ 113,522,271
Taxes Levied For Debt Service	5,868,844	5,523,524	5,541,487	5,547,740	5,591,169	5,540,618	5,555,972	5,473,040	5,256,152
Federal and State Aid Unrestricted	39,294	700,941	1,338,348	1,777,588	2,060,619	2,344,227	6,012,350	4,675,225	5,635,918
Investment Earnings	619,256	268,482	274,033	782,265	994,283	826,863	186,141	147,413	104,097
Miscellaneous Income	384,391	1,459,371	748,310	763,697	424,578	141,500	249,250	185,687	368,633
Transfers	-	(102,079)	-	-	-	-	-	-	-
<b>Total Governmental Activities</b>	<b>76,004,390</b>	<b>85,184,690</b>	<b>86,362,914</b>	<b>99,861,365</b>	<b>105,964,580</b>	<b>109,345,108</b>	<b>115,713,918</b>	<b>118,339,978</b>	<b>124,887,071</b>
<b>Business-Type Activities:</b>									
Investment Earnings	15,592	4,998	3,156	21,291	57,134	38,922	10,482	4,104	2,427
Miscellaneous Income	-	13,337	19,708	9,218	51,097	-	-	-	-
Transfers	-	102,079	-	-	-	-	-	-	-
<b>Total Business-Type Activities</b>	<b>15,592</b>	<b>120,414</b>	<b>22,864</b>	<b>30,509</b>	<b>108,231</b>	<b>38,922</b>	<b>10,482</b>	<b>4,104</b>	<b>2,427</b>
<b>Total District-Wide</b>	<b>\$ 76,019,982</b>	<b>\$ 85,305,104</b>	<b>\$ 86,385,778</b>	<b>\$ 99,891,874</b>	<b>\$ 106,072,811</b>	<b>\$ 109,384,030</b>	<b>\$ 115,724,400</b>	<b>\$ 118,344,082</b>	<b>\$ 124,889,498</b>
<b>Change in Net Assets</b>									
Governmental Activities	\$ 5,830,213	\$ 14,195,872	\$ 10,808,843	\$ 6,812,005	\$ 2,542,322	\$ (716,436)	\$ (3,110,364)	\$ 1,295,948	\$ 1,793,437
Business-Type Activities	(218,092)	9,607	(69,933)	371,430	283,254	(275,832)	2,026	(38,074)	(19,639)
<b>Total District</b>	<b>\$ 5,612,121</b>	<b>\$ 14,205,479</b>	<b>\$ 10,738,910</b>	<b>\$ 7,183,435</b>	<b>\$ 2,825,576</b>	<b>\$ (992,268)</b>	<b>\$ (3,108,338)</b>	<b>\$ 1,257,874</b>	<b>\$ 1,773,798</b>

Note:  
GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**  
(Unaudited)  
*(modified accrual basis of accounting)*

	2003	2004	2005	2006	2007	2008	2009	2010	2011
General Fund									
Reserved	\$ 2,232,445	\$ 9,543,242	\$ 8,389,601	\$ 8,492,746	\$ 7,833,845	\$ 6,608,583	\$ 3,733,172	\$ 546,341	
Unreserved	5,141,312	3,977,073	2,621,796	1,757,637	4,209,850	3,593,878	1,797,093	2,260,009	
Nonspendable									\$ 51,745
Restricted									469,450
Committed									95,106
Assigned									2,178,215
Unassigned									(161,952)
Total General Fund	\$ 7,373,757	\$ 13,520,315	\$ 11,011,397	\$ 10,250,383	\$ 12,043,695	\$ 10,202,461	\$ 5,530,265	\$ 2,806,350	\$ 2,632,563
All Other Governmental Funds									
Reserved	\$ 52,667,974	\$ 31,989,316	\$ 11,346,400	\$ 997,963	\$ 78,637	\$ 595,484	\$ 218,637	\$ 1,096,972	
Unreserved	(8,093,514)	(6,518,715)	(4,400,757)	(447,245)	(645,793)	(1,091,062)	(268,312)	(260,118)	
Restricted									\$ 25,111
Total All Other Governmental Funds	\$ 44,574,460	\$ 25,470,601	\$ 6,945,643	\$ 550,718	\$ (567,156)	\$ (495,578)	\$ (49,675)	\$ 836,854	\$ 25,111

## Note:

GASB requires that ten years of statistical data be presented. However, since the District implemented the new reporting model contained in GASB No. 34 in fiscal year 2003 only nine years of information are available. Each year thereafter, an additional year's data will be included until ten years of data is present.

Beginning with Fiscal Year 2011, the District implemented GASB Statement No. 34, "Fund Balance Reporting and Governmental Fund Type Definitions". The Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government's fund balance more transparent. This Statement established fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. Reclassification of prior year fund balance amounts to comply with Statement No. 34 is not required.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**LAST NINE FISCAL YEARS**

(Unaudited)

(modified accrual basis of accounting)

	Fiscal Year Ended June 30,								
	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b>Revenues</b>									
Property Tax Levy	\$ 74,961,449	\$ 82,857,975	\$ 84,002,223	\$ 96,537,815	\$ 102,485,098	\$ 106,032,518	\$ 109,266,177	\$ 113,331,653	\$ 118,778,423
Interest Earnings	619,256	268,482	274,033	782,265	994,285	826,863	186,141	147,413	104,097
Miscellaneous	387,982	1,474,169	748,310	826,641	456,033	186,136	278,290	346,113	559,070
State Sources	18,048,538	23,325,172	26,448,434	24,956,708	23,870,556	25,623,391	24,303,925	24,641,410	20,636,160
Federal Sources	2,604,710	2,746,904	3,041,467	3,733,005	3,288,053	2,868,249	2,931,101	4,625,637	4,804,501
<b>Total Revenue</b>	<b>96,621,935</b>	<b>110,672,702</b>	<b>114,514,467</b>	<b>126,836,434</b>	<b>131,094,025</b>	<b>135,537,157</b>	<b>136,965,634</b>	<b>143,092,226</b>	<b>144,882,251</b>
<b>Expenditures</b>									
<b>Instruction</b>									
Regular Instruction	31,858,167	34,489,189	37,987,381	42,476,656	46,841,568	50,070,926	50,682,415	50,479,575	49,798,775
Special Education Instruction	15,378,511	17,268,605	18,572,917	21,005,099	22,500,290	23,427,431	22,986,773	24,208,814	23,009,408
Vocational Education- Tuition	161,018	168,366	175,472	166,467	203,844	200,478	222,850	276,847	290,720
Other Instruction	2,278,030	2,153,859	1,910,551	3,229,615	3,513,819	4,454,173	4,724,311	4,780,010	4,722,248
School Sponsored Activities and Athletics	1,172,947	1,150,078	1,272,362	1,192,903	1,418,730	1,540,371	1,598,045	1,633,437	1,552,815
Adult/Continuing Education		120,244	131,787	145,281	175,878	188,777	214,703	190,908	
<b>Support Services:</b>									
Student and Inst. Related Services	11,008,045	11,061,614	11,672,410	13,067,532	13,828,828	14,809,948	15,888,318	17,881,242	19,912,229
General Administration	1,854,714	1,862,185	1,855,688	2,097,887	2,035,705	5,720,479	5,660,521	6,053,385	5,838,446
School Administrative Services	4,034,691	4,247,144	4,518,221	4,961,893	5,641,422	2,197,464	2,666,626	1,909,371	2,114,949
Plant Operations And Maintenance	7,515,618	8,317,269	8,963,115	13,394,108	13,311,401	14,264,885	15,104,864	14,325,775	13,943,526
Pupil Transportation	9,375,854	9,770,012	10,066,191	10,623,961	11,106,169	11,342,666	12,141,341	12,594,331	12,702,501
Other Support Services	1,596,005	1,757,724	2,108,074	2,322,839	2,523,886	2,758,851	2,839,693	2,992,863	2,624,129
Employee Benefits									
Special Schools	153,811								
Capital Outlay	6,265,224	24,759,953	30,737,444	13,596,797	1,518,424	759,746	893,809	2,201,338	2,010,559
Debt Service:									
Principal	2,579,693	3,445,487	2,730,000	2,870,000	3,199,000	3,195,000	3,310,000	3,715,000	3,365,000
Interest and Other Charges	3,301,044	2,956,195	2,846,730	3,320,753	2,599,623	2,375,618	2,257,658	1,686,716	1,962,476
<b>Total Expenditures</b>	<b>98,533,372</b>	<b>123,527,924</b>	<b>135,548,343</b>	<b>134,871,791</b>	<b>130,418,587</b>	<b>137,306,813</b>	<b>141,191,927</b>	<b>144,929,612</b>	<b>145,867,781</b>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,911,437)	(12,855,222)	(21,033,876)	(8,035,357)	675,438	(1,769,656)	(4,226,293)	(1,837,386)	(985,530)
<b>Other Financing Sources (Uses)</b>									
Refunding Bonds Issued	11,540,000			10,000,000			24,970,000		
Payment to Refunded Bond Escrow Agent	(10,515,000)			(9,483,000)			(25,265,000)		
Original Issue Premium				95,730			2,893,497		
Refunding Bond Issuance Costs	(146,282)						(211,126)		
Advance Refunding Escrow	(878,718)			266,688			(2,387,371)		
capital Leases (non-budgeted)	491,769	384,060	3,845,142	2,978,449	42,582	614,089	173,107	2,684,056	-
Transfers In	(491,769)	(486,139)	(3,845,142)	(2,978,449)	(42,582)	(614,089)	(173,107)	(2,684,056)	-
Transfers Out									
<b>Total Other Financing Sources (Uses)</b>	<b>-</b>	<b>(102,079)</b>	<b>-</b>	<b>879,418</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>\$ (1,911,437)</b>	<b>\$ (12,957,301)</b>	<b>\$ (21,033,876)</b>	<b>\$ (7,155,939)</b>	<b>\$ 675,438</b>	<b>\$ (1,769,656)</b>	<b>\$ (4,226,293)</b>	<b>\$ (1,837,386)</b>	<b>\$ (985,530)</b>
<b>Debt Service as a Percentage of Noncapital Expenditures</b>	6.37%	6.48%	5.32%	5.12%	4.50%	4.08%	3.97%		3.70%

\* Noncapital expenditures are total expenditures less capital outlay.

Note:  
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
GENERAL FUND OTHER LOCAL REVENUE BY SOURCE  
LAST NINE FISCAL YEARS\*  
(UNAUDITED)**

<b><u>Fiscal Year Ended June 30,</u></b>	<b><u>Interest on Investments</u></b>	<b><u>Miscellaneous</u></b>	<b><u>Total</u></b>
2003	\$ 97,949	\$ 384,391	\$ 482,340
2004	5,979	1,459,371	1,465,350
2005	17,665	723,955	741,620
2006	692,048	763,697	1,455,745
2007	951,703	181,948	1,133,651
2008	825,426	166,836	992,262
2009	186,127	255,300	441,427
2010	147,413	302,896	450,309
2011	104,097	520,540	624,637

**Source: District Records**

\*Prior to fiscal year 2003 interest on investments for capital reserve was reported as part of miscellaneous therefore the information was not segregated.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY**  
**LAST TEN YEARS**  
(Unaudited)

Fiscal Year Ended June 30,	Vacant Land	Residential	Farm Reg.	Qfarm	Commercial	Industrial	Apartment	Total Assessed Value	Public Utilities	Net Valuation Taxable	Estimated Actual (County Equalized) Value	Total Direct School Tax Rate
2002	\$ 77,282,250	\$ 3,554,655,620	\$ 44,377,200	\$ 5,091,800	\$ 780,469,900	\$ 527,845,500	\$ 182,024,060	\$ 5,171,746,330	\$ 13,745,851	\$ 5,185,492,181	\$ 4,677,178,069	\$ 1.390
2003	98,638,250	4,033,725,350	49,244,000	3,384,900	827,616,100	543,319,700	193,796,260	5,749,724,560	12,206,883	5,761,931,443	5,761,931,443	1.370
2004	179,095,950	4,497,593,350	52,339,000	3,042,300	832,728,000	554,604,600	194,355,760	6,313,758,960	13,744,778	6,327,503,738	5,600,744,749	1.330
2005	146,613,750	5,533,243,600	56,405,400	2,897,900	879,781,300	611,447,300	209,567,220	7,439,956,470	13,229,788	7,453,186,258	7,453,186,258	1.210
2006	121,595,650	6,476,795,790	61,905,700	2,580,100	951,688,500	662,197,700	251,172,400	8,527,933,840	12,842,526	8,540,778,366	8,540,778,366	1.166
2007	138,567,850	6,629,723,030	61,565,800	2,638,900	991,258,400	667,004,600	266,447,700	8,757,206,280	13,164,292	8,770,370,572	8,770,370,572	1.190
2008	135,587,850	6,724,718,300	60,513,300	2,584,500	985,424,000	662,629,900	275,640,000	8,847,097,850	13,237,840	8,640,599,365	8,640,599,365	1.215
2009	184,284,150	6,367,591,200	54,596,700	2,552,600	1,583,502,300	1,011,952,300	395,120,100	9,599,599,350	15,837,185	9,599,599,350	8,981,779,267	1.158
2010	169,438,250	6,132,246,200	53,574,000	2,591,200	1,519,943,600	956,461,000	369,729,000	9,203,983,250	17,107,016	9,221,090,266	8,807,985,422	1.259
2011	145,990,550	6,140,490,060	53,565,500	2,515,100	1,575,946,400	930,753,500	373,499,000	9,222,760,110	13,553,369	9,236,313,479	9,038,656,371	1.947

Source: County Abstract of Rates



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPERTY TAX RATES  
LAST TEN YEARS  
(UNAUDITED)**

<b><u>Calendar Year</u></b>	<b><u>Local School</u></b>	<b><u>Municipal Tax</u></b>	<b><u>County Tax</u></b>	<b><u>Total Tax Levy</u></b>
2011	\$ 120,262,403	\$ 34,291,090	\$ 26,892,382	\$ 181,445,875
2010	116,055,038	34,947,230	28,443,626	179,445,894
2009	111,298,915	33,989,251	28,307,600	173,595,766
2008	107,649,348	33,195,765	27,353,108	168,198,221
2007	104,258,808	32,411,805	25,979,059	162,649,672
2006	99,511,457	30,685,403	25,843,889	156,040,749
2005	90,270,019	25,820,920	21,250,937	137,341,876
2004	83,430,099	21,182,985	21,621,702	126,234,786
2003	78,909,712	24,089,653	19,749,731	122,749,096
2002	72,326,772	18,131,141	18,932,952	109,390,865

**Per \$100 Of Assessed Valuation**

2011	1.302	0.371	0.292	1.965
2010	1.259	0.378	0.31	1.947
2009	1.158	0.353	0.295	1.810
2008	1.215	0.309	0.375	1.900
2007	1.19	0.0371	0.299	1.860
2006	1.166	0.36	0.304	1.830
2005	1.21	0.35	0.37	1.93
2004	1.33	0.34	0.39	2.06
2003	1.37	0.42	0.35	2.14
2002	1.39	0.35	0.37	2.11

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PRINCIPAL PROPERTY TAXPAYERS  
CURRENT YEAR AND NINE YEARS AGO  
(Unaudited)**

Taxpayer	2011	
	Taxable Assessed Value	% of Total District Net Assessed Value
I & G Garden State, LLC	\$ 119,660,000	1.300%
Morgan Stanley MGT % Frank Torres	67,341,800	0.732%
SHI International Corp.	58,542,000	0.636%
Corporate Real Est. Holding % C&W Inc.	55,940,000	0.608%
Segal Realty Corp.	52,700,000	0.573%
Levin Properties, LP	50,232,000	0.546%
Green Hill Manor Developers LLC	46,600,000	0.506%
Philips Electronics	41,000,000	0.445%
La Fonge Associates	40,150,000	0.436%
Wood West Realty, LLC	39,900,000	0.434%
	<u>\$ 572,065,800</u>	<u>6.216%</u>

	2002	
	Taxable Assessed Value	% of Total District Net Assessed Value
Wellsford	90,951,600	2.652%
290 Davidson Avenue	45,032,300	1.313%
Merrill Lynch	44,795,000	1.306%
Equistar Somerset	30,380,000	0.886%
THI Somerset, LP	28,880,000	0.842%
Segal Realty Corp.	27,300,000	0.796%
First Industrial L.P.	25,059,999	0.731%
LaFonge Associates	23,596,420	0.688%
Pierce Davidson Associates, LP	23,151,000	0.675%
Rond LLC	20,400,000	0.595%
	<u>\$ 359,546,319</u>	<u>10.48%</u>

Source: Municipal Tax Assessor

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)**

Fiscal Year Ended June 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years
		Amount	Percentage of Levy	
2002	\$ 68,542,500	\$ 68,542,500	100.00%	-
2003	74,961,449	74,961,449	100.00%	-
2004	82,857,975	82,857,975	100.00%	-
2005	84,002,223	84,002,223	100.00%	-
2006	96,537,815	96,537,815	100.00%	-
2007	102,485,098	102,485,098	100.00%	-
2008	106,032,518	106,032,518	100.00%	-
2009	109,266,177	109,266,177	100.00%	-
2010	113,331,653	113,331,653	100.00%	-
2011	118,778,423	118,778,423	100.00%	-

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**RATIOS OF OUTSTANDING DEBT BY TYPE**  
**LAST SEVEN FISCAL YEARS**  
(Unaudited)

Fiscal Year Ended June 30,	Governmental Activities			Business-Type Activities		Population	Per Capita
	General Obligation Bonds	Certificates of Participation	Capital Leases	Bond Anticipation Notes (BANs)	Capital Leases	Total District	
2005	\$ 62,512,000					\$ 62,512,000	\$ 1,069
2006	60,159,000		\$ 198,263			60,357,263	993
2007	56,960,000		99,229			57,059,229	926
2008	53,765,000		16,360			53,781,360	866
2009	50,160,000					50,160,000	797
2010	46,445,000					46,445,000	738
2011	43,080,000					43,080,000	685

(E) Estimated

Source: District records

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING**  
**LAST SEVEN FISCAL YEARS**  
**(Unaudited)**

Fiscal Year Ended June 30,	General Bonded Debt Outstanding		Net General Bonded Debt Outstanding	Percentage of Actual Taxable Value <sup>a</sup> of Property	Per Capita <sup>b</sup>
	General Obligation Bonds	Deductions			
2005	\$ 62,512,000		\$ 62,512,000	0.84%	\$ 1,069
2006	60,159,000		60,159,000	0.70%	989
2007	56,960,000		56,960,000	0.65%	924
2008	53,765,000		53,765,000	0.62%	865
2009	50,160,000		50,160,000	0.52%	797
2010	46,445,000		46,445,000	0.50%	738
2011	43,080,000		43,080,000	0.47%	685

Source: District records

Notes:

a See Exhibit J-6 for property tax data.

b See Exhibit J-14 for population data.

Note:

GASB requires that ten years of statistical data be presented. As a result of the implementation of GASB No. 44 in fiscal year 2006 only seven years of information is available. Each year thereafter, an additional year's data will be included until ten years of data is present.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
**AS OF DECEMBER 31, 2010**  
**(Unaudited)**

	<u>Gross Debt</u>	<u>Deductions</u>	<u>Net Debt</u>
Municipal Debt: (1)			
Township of Franklin	\$ 63,015,080	\$ 34,102,789	\$ 28,912,291
School Debt	<u>43,080,000</u>	<u>43,080,000</u>	<u>-</u>
	<u>\$ 106,095,080</u>	<u>\$ 77,182,789</u>	
Overlapping Debt Apportioned to the Municipality:			
Somerset County:			
County of Somerset(A)			<u>17,870,632</u>
			<u>17,870,632</u>
Total Direct and Overlapping Debt			<u>\$ 46,782,923</u>

Source:

(1) Township's 2010 Annual Debt Statement

(A) The debt for this entity was apportioned to Township by dividing the municipality's 2010 equalized value by the total 2010 equalized value for Somerset County.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS**

**Legal Debt Margin Calculation for Fiscal Year 2010**

Equalized valuation basis	
2010	\$ 9,505,301,301
2009	9,575,660,200
2008	9,471,253,453
	<u>\$ 28,552,214,954</u>
Average equalized valuation of taxable property	\$ 9,517,404,985
Debt limit (4 % of average equalization value)	
Total Net Debt Applicable to Limit	380,696,199 <sup>a</sup>
Legal debt margin	<u>\$ 43,080,638</u>
	<u>\$ 337,615,561</u>

The debt applicable to the limit may be offset only by amounts that the applicable law expressly

	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Debt Limit	\$ 164,083,940	\$ 177,180,934	\$ 197,661,074	\$ 213,864,723	\$ 227,769,820	\$ 213,252,862	\$ 268,279,579	\$ 356,883,087	\$ 373,690,715	\$ 380,696,199
Total Net Debt Applicable to Limit	87,004,000	67,162,638	65,242,638	62,512,638	60,159,638	56,960,638	53,765,000	50,160,000	46,445,638	43,080,638
Legal Debt Margin	<u>\$ 77,079,940</u>	<u>\$ 110,018,296</u>	<u>\$ 132,418,436</u>	<u>\$ 151,352,085</u>	<u>\$ 167,610,182</u>	<u>\$ 156,292,224</u>	<u>\$ 214,514,579</u>	<u>\$ 306,723,087</u>	<u>\$ 327,245,077</u>	<u>\$ 337,615,561</u>
Total Net Debt Applicable to the Limit as a Percentage of Debt Limit	53.02%	37.91%	53.01%	29.23%	26.41%	26.71%	20.04%	14.06%	12.43%	11.32%

**Source:** Equalized valuation bases were obtained from the Annual Report of the State of New Jersey, Department of Treasury, Division of Taxation

<sup>a</sup> Limit set by NJSA 18A:24-19 for a K through 12 district; other % limits would be applicable for other district types.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
DEMOGRAPHIC STATISTICS  
LAST TEN FISCAL YEARS  
(UNAUDITED)**

<u>Year Ended December 31</u>	<u>Unemployment Rate</u>	<u>Per Capita Income (Somerset County)</u>	<u>Population</u>
2001	2.5%	\$ 56,404	53,716
2002	4.0%	55,888	54,965
2003	3.9%	56,812	55,531
2004	3.3%	59,932	56,945
2005	4.0%	62,248	59,413
2006	4.2%	67,455	60,808
2007	3.6%	71,564	61,635
2008	4.9%	73,197	62,124
2009	8.5%	69,385	62,903
2010	8.5%	69,385	62,903

Source: N.J. Department of Labor, Office of Research and Planning  
U. S. Dept. of Commerce, Bureau of Economic Analysis  
U. S. Bureau of the Census, Population Division: Census 2000 count  
Department of Education



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
PRINCIPAL EMPLOYERS  
CURRENT YEAR AND TEN YEARS AGO  
(Unaudited)**

<u>Employer</u>	<u>2011</u>		<u>2001</u>	
	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>	<u>Employees</u>	<u>Percentage of Total Municipal Employment</u>

INFORMATION NOT AVAILABLE

<u>0.00%</u>	<u>0.00%</u>
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**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**FULL-TIME EQUIVALENT DISTRICT EMPLOYEES BY FUNCTION/PROGRAM**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

<u>Function/Program</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Instruction										
Regular	578	588	621	636	713	745	741	772	749	697
Special Education										
Other Special Education										
Vocational										
Other Instruction										
Nonpublic School Programs										
Adult/Continuing Education Programs										
Support Services:										
Student and Instruction Related Services	123	110	118	120	130	131	123	117	109	148
General Administration	9	8	7	7	6	6	6	6	6	8
School Administrative Services	49	46	46	50	55	57	57	57	47	50
Other Administrative Services										
Central Services			19	19	19	18	18	22	18	17
Administrative Information Technology			5	7	10	10	10	10	10	10
Plant Operations And Maintenance	108	108	111	114	162	164	144	145	130	123
Pupil Transportation	24	24	26	26	26	23	22	28	28	26
Other Support Services	21	21								
Special Schools										
Food Service										
Child Care										
Total	912	904	952	979	1,120	1,154	1,121	1,157	1,097	1,077

Source: District Personnel Records

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**OPERATING STATISTICS**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

Fiscal Year	Enrollment <sup>a</sup>	Operating Expenditures <sup>b</sup>	Cost Per Pupil <sup>c</sup>	Percentage Change	Teaching Staff	Pupil/Teacher Ratio				Average Daily Enrollment (ADE)	Average Daily Attendance (ADA)	% Change in Average Daily Enrollment	Student Attendance Percentage
						Elementary	Middle School	Senior High School					
2002	6,609	\$ 73,670,523	\$ 11,147	8.35%	628	13.9:1	10.3:1	10.9:1	6,116	5,706	4.67%	93.30%	
2003	6,862	86,387,411	12,589	12.94%	610	12.8:1	10.0:1	10.3:1	6,277	5,926	2.63%	94.41%	
2004	7,090	92,366,289	13,028	3.48%	620	12.6:1	10.7:1	10.6:1	6,818	6,440	8.62%	94.46%	
2005	7,171	99,234,169	13,838	6.22%	648	13.7:1	10.6:1	11.7:1	6,703	6,352	-1.69%	94.76%	
2006	7,613	104,688,814	13,751	-0.63%	712	12.6:1	10.5:1	11.8:1	7,191	6,802	7.28%	94.59%	
2007	7,698	115,090,037	14,951	8.72%	674	12.5:1	9.4:1	12.1:1	7,257	6,891	0.92%	94.96%	
2008	7,966	130,976,449	16,442	9.97%	699	10.7:1	8.2:1	11.3:1	7,613	7,195	4.91%	94.51%	
2009	7,951	134,730,460	16,945	3.06%	699	11.1:1	7.9:1	11.0:1	7,600	7,205	-0.17%	94.80%	
2010	8,120	137,326,558	16,912	-0.19%	725	11.6:1	8.0:1	11.7:1	7,747	7,363	1.93%	95.04%	
2011	8,172	138,529,746	16,952	0.23%	747	11.6:1	8.0:1	11.06	7,826	7,453	1.02%	95.23%	

Sources: District records

Note: a Enrollment based on annual October district count.

b Operating expenditures equal total expenditures less debt service and capital outlay.

c Cost per pupil represents operating expenditures divided by enrollment.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHOOL BUILDING INFORMATION**  
**LAST TEN FISCAL YEARS**  
(Unaudited)

<u>District Building</u>	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<u>Elementary</u>										
Conerly Road School (1966, Add 1998)										
Square Feet	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495	46,495
Capacity (students)	420	420	420	420	420	420	420	420	420	420
Enrollment	429	488	485	454	420	415	485	481	486	502
Elizabeth Ave School (1957, Add 1998, 2004)										
Square Feet	48,940	48,940	48,940	48,940	48,940	48,940	48,940	48,940	51,349	51,349
Capacity (students)				452	452	452	452	452	452	452
Enrollment	602	611	643	654	506	526	529	501	489	614
Franklin Park School (1998)										
Square Feet	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
Capacity (students)	800	800	800	800	800	800	800	800	800	800
Enrollment	948	1,085	1,114	1,045	849	913	996	1,009	1,106	904
Franklin Park Annex (1957)										
Square Feet	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677	20,677
Capacity (students)	87	87	87	87	87	87	87	87	87	87
Enrollment	69	113	132	126	116	141	91	115	79	138
Hillcrest School (1958)										
Square Feet	56,982	56,982	56,982	56,982	56,982	56,982	56,982	56,982	56,982	56,982
Capacity (students)	382	382	382	382	382	382	382	382	382	382
Enrollment	545	572	591	553	357	395	445	476	483	507
MacAfee Road School (1966, Add 2004)										
Square Feet	47,551	47,551	47,551	51,309	51,309	51,309	51,309	51,309	51,309	51,309
Capacity (students)				388	388	388	388	388	388	388
Enrollment	587	615	640	657	432	421	411	446	496	489
Pine Grove Manor (1931, Add 2004)										
Square Feet	44,942	44,942	44,942	53,642	53,642	53,642	53,642	53,642	53,642	53,642
Capacity (students)				386	386	386	386	386	386	386
Enrollment	372	386	408	445	381	406	404	457	443	453
Sampson G. Smith School (1968)										
Square Feet	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290	134,290
Capacity (students)	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010	1,010
Enrollment	976	1,031	1,062	1,121	1,085	1,080	1,056	1,044	1,110	1,192

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHOOL BUILDING INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)**

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>District Building</u></b>										
Middle School (2006) / High School (1960-2005)										
Franklin Middle School (1960)										
Square Feet	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553	222,553
Capacity (students)	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530	1,530
Enrollment	1,379	1,460	1,574	1,664	1,054	1,008	1,038	1,053	1,032	1,044
<b><u>High School</u></b>										
Franklin High School (2005)										
Square Feet	-	-	-	-	343,000	343,000	343,000	343,000	343,000	343,000
Capacity (students)	-	-	-	-	2,000	2,000	2,000	2,000	2,000	2,000
Enrollment	-	-	-	-	1,863	1,946	2,036	2,028	2,017	1,977

Number of Schools at June 30, 2011

Elementary = 7

Middle School = 1

Senior High School = 1

Source: District Records

\*Facility no longer used by District after September 1998.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF REQUIRED MAINTENANCE FOR SCHOOL FACILITIES**  
**LAST TEN FISCAL YEARS**

**UNDISTRIBUTED EXPENDITURES - REQUIRED  
 MAINTENANCE FOR SCHOOL FACILITIES**  
 11-000-261-XXX

*School Facilities	Project #	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Franklin Twp. High School	NA					\$ 218,894	\$ 140,200	\$ 194,327	\$ 194,060	\$ 152,585	\$ 125,938
Franklin Middle School	NA	\$ 259,819	\$ 83,501	\$ 132,100	\$ 148,973	98,749	160,637	133,663	195,241	153,891	145,532
Conerly Road School	NA	74,983	26,912	29,787	18,875	24,224	24,046	21,401	33,403	38,333	18,716
Elizabeth Ave School	NA	95,301	26,495	31,027	69,572	30,288	33,181	54,870	31,145	68,865	17,876
Franklin Park School	NA	221,571	38,381	76,208	68,523	63,733	51,686	55,070	66,782	74,180	58,536
Hillcrest School	NA	77,931	44,921	34,539	31,274	58,367	38,562	29,560	108,773	36,424	33,249
MacAfee Road School	NA	71,693	17,875	110,407	22,423	40,712	70,196	76,044	49,928	51,578	24,842
Pine Grove Manor School	NA	69,798	19,167	63,849	87,431	33,559	36,296	78,383	122,141	87,501	36,268
Sampson G. Smith School	NA	245,247	81,720	85,912	97,390	171,176	108,170	106,611	76,522	140,306	130,338
<b>Total School Facilities</b>		<b>\$ 1,116,343</b>	<b>\$ 338,972</b>	<b>\$ 563,829</b>	<b>\$ 544,461</b>	<b>\$ 739,702</b>	<b>\$ 662,974</b>	<b>\$ 749,929</b>	<b>\$ 877,995</b>	<b>\$ 803,463</b>	<b>\$ 589,295</b>
<b>Other Facilities</b>											
Kingston School			\$ 736	\$ 422	\$ 112						
Administration Building			7,501	16,826	45,931	18,303	15,819	16,500	26,441	20,551	15,261
Maintenance Building			40,969	20,093	15,021	21,636	113,653	21,582	19,266	28,418	34,100
Transportation Trailer			1,118	1,068	616	4,002	1,730	840	2,751	1,412	1,988
Bunker Hill Environmental Center			5,426	7,407	2,109	5,717	5,080	9,030	2,454	6,033	668
<b>Total Other Facilities</b>		<b>\$ 55,750</b>	<b>\$ 55,750</b>	<b>\$ 45,816</b>	<b>\$ 63,789</b>	<b>\$ 49,658</b>	<b>\$ 136,282</b>	<b>\$ 47,952</b>	<b>\$ 50,912</b>	<b>\$ 56,414</b>	<b>\$ 52,017</b>
<b>Grand Total</b>		<b>\$ 394,722</b>	<b>\$ 394,722</b>	<b>\$ 609,645</b>	<b>\$ 608,250</b>	<b>\$ 789,360</b>	<b>\$ 799,256</b>	<b>\$ 797,881</b>	<b>\$ 928,907</b>	<b>\$ 859,877</b>	<b>\$ 641,312</b>

\* School facilities as defined under EFCFA.  
 (N.J.A.C. 6A:26-1.2 and N.J.A.C. 6:24-1.3)

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF INSURANCE**  
**JUNE 30, 2011**  
**(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>SCHOOL PACKAGE POLICY</u></b>		
<b><u>Selective Insurance Company</u></b>		
Property - Blanket Buildings and Contents	\$201,668,187	\$5,000
Bleachers	\$12,438	
Equipment Breakdown	Included	
Business Income	Actual Loss Sustained	
Extra Expense	\$500,000	
Elitepac Extensions of Coverage-Schools	Included	
Employee Dishonesty	\$100,000	\$500
Theft, Disappearance and Destruction		
Loss of Monies and Securities on and off Premises	\$25,000	\$500
Money Orders and Counterfeit Paper Currency	\$25,000	\$500
Forgery or Alteration	\$100,000	\$500
Computer Fraud	\$100,000	\$500
Inland Marine Floater		
Computer - at insured locations, Transit \$25,000	\$3,600,000	\$1,000
Musical Instruments	\$850,251	\$1,000
Band Uniforms	\$54,600	\$1,000
Athletic Equipment	\$115,950	\$1,000
Audio Visual	\$50,000	\$1,000
Contractors Equipment	\$135,294	\$1,000
Boiler and Machinery - HVAC, Etc.	Included	
Property Damage and		
Business Income/Extra Expense Combined	Included	\$5,000 & 12 hours deduct.
<b><u>AUTO POLICY</u></b>		
<b><u>SAIG Insurance</u></b>		
Comprehensive Automobile Liability	\$16,000,000	
Auto Physical Damage - Comprehensive:		\$1,000
Coverage (Actual Cash Value)		
Auto Physical Damage - Collision:		\$1,000
Coverage (Actual Cash Value)		
<b><u>EDUCATOR'S LEGAL LIABILITY - Errors &amp; Omissions</u></b>		
Educator's Legal including Employment Practices		
Limits of Liability	Coverage A	\$16,000,000/claim
	Coverage A Aggregate	\$16,000,000 \$ 10,000
(Defense Only)	Coverage B	\$100,000/claim \$ 10,000
	Coverage B Aggregate	\$300,000 \$ 10,000

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF INSURANCE  
JUNE 30, 2011  
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>BONDS</u></b>		
Selective Insurance		
Public Official		
Assistant Superintendent for Business/Board Secretary	\$150,300	
John Calavano		
Western Surety Company		
Public Official		
Treasurer of School Monies	\$525,000	
Kim Esterman		
<b><u>WORKERS COMPENSATION</u></b>		
Excess Workers' Compensation		
Specific Rention		
Each Accident	\$350,000	
Each Employee for Disease	\$350,000	
Specific Limit Each Accident	Statutory	
Policy Part One, Workers' Compensation	\$2,000,000	
Policy Part Two, Employers Liability		
Specific Limit Each Employee for Disease		
Policy Part One, Workers' Compensation	Statutory	
Policy Part Two, Employers Liability	\$2,000,000	
Aggregate Limit	\$1,000,000	



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF INSURANCE  
JUNE 30, 2011  
(UNAUDITED)**

	<u>Coverage</u>	<u>Deductible</u>
<b><u>SCHOOL COMPREHENSIVE GENERAL LIABILITY</u></b>		
SBAIG Insurance		
Commercial General Liability		
Each Occurrence Limit	\$16,000,000	
Personal and Advertising Limit	\$16,000,000	
Products/Completed Operations Limit	\$16,000,000	
Operations Aggregate, General Aggregate Limits	\$16,000,000	
Fire Legal Liability - Any one fire	Included	
Medical Expense Limit - Any one Person	\$10,000	\$100
Employee Benefit Program Limit & Aggregate	\$16,000,000	\$1,000

**SINGLE AUDIT SECTION**

# LERCH, VINCI & HIGGINS, LLP

CERTIFIED PUBLIC ACCOUNTANTS  
REGISTERED MUNICIPAL ACCOUNTANTS

EXHIBIT K-1

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EDWARD N. KERE, CPA

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Honorable President and Members  
of the Board of Trustees  
Franklin Township Public Schools  
Somerset, New Jersey

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Franklin Township Public Schools as of and for the fiscal year ended June 30, 2011, which collectively comprise the Franklin Township Public Schools' basic financial statements and have issued our report thereon dated November 16, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

### Internal Control Over Financial Reporting

Management of the Franklin Township Public Schools is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the Franklin Township Public Schools' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Franklin Township Public Schools' internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Franklin Township Public Schools' financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Franklin Township Public Schools' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey.

We noted certain matters that we have reported to management of the Franklin Township Public Schools' in a separate report entitled, "Auditor's Management Report on Administrative Findings – Financial, Compliance and Performance" dated November 16, 2011.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Leach, Vinci & Higgins, LLP*  
 LERCH, VINCI & HIGGINS, LLP  
 Certified Public Accountants  
 Public Schools Accountants  
*[Signature]*  
 Donna L. Japhet  
 Public Schools Accountant  
 PSA Number CS02314

Fair Lawn, New Jersey  
 November 16, 2011

# LERCH, VINCI & HIGGINS, LLP

EXHIBIT K-2

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EDWARD N. KERE, CPA

## REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 AND NEW JERSEY OMB CIRCULAR 04-04

### Independent Auditor's Report

Honorable President and Members  
of the Board of Trustees  
Franklin Township Public Schools  
Franklin Township, New Jersey

### Compliance

We have audited the Franklin Township Public Schools' compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement and the New Jersey OMB Circular 04-04 State Aid/Grant Compliance Supplement that could have a direct and material effect on each of Franklin Township Public Schools' major federal and state programs for the fiscal year ended June 30, 2011. Franklin Township Public Schools' major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirement of laws, regulations, contracts and grants applicable to each of its major federal and state programs is the responsibility of the Franklin Township Public Schools' management. Our responsibility is to express an opinion on Franklin Township Public Schools' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; audit requirements as prescribed by the Division of Finance and Regulatory Compliance, Department of Education, State of New Jersey; OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and New Jersey OMB Circular 04-04, Single Audit Policy for Recipients of Federal Grants, State Grants and State Aid. Those standards and circulars require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about Franklin Township Public Schools' compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Franklin Township Public Schools' compliance with those requirements.

In our opinion, Franklin Township Public Schools complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the fiscal year ended June 30, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements which is required to be reported in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04 and which is described in the accompanying schedule of findings and questioned costs as item 2011-1.

### Internal Control Over Compliance

Management of Franklin Township Public Schools is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts and grants applicable to federal and state programs. In planning and performing our audit, we considered Franklin Township Public Schools' internal control over compliance with requirements that could have a direct and material effect on a major federal or state program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133 and New Jersey OMB Circular 04-04, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Board's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Board of Education's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the Board of Education's response and, accordingly, we express no opinion on the response.

This report is intended solely for the information and use of management, the Board of Trustees, others within the District, the New Jersey State Department of Education and other federal and state awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Lerch, Vinci & Higgins, LLP*  
 LERCH, VINCI & HIGGINS, LLP  
 Certified Public Accountants  
 Public Schools Accountants

*Donna L. Japhet*  
 Donna L. Japhet  
 Public School Accountant  
 PSA Number CS02314

Fair Lawn, New Jersey  
 November 16, 2011

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Encum- brances/ Payables	Adjustment Carryover- Receivables	(Accounts Receivable)	Balance, June 30, 2011 Deferred Revenue	Due To Grantor	MEMO GAAP Receivable
<b>U.S. Department of Health &amp; Human Services- Passed through State Dept. of Education</b>														
General Fund	93.778	N/A	7/1/09-6/30/10	\$ 10,437	\$ (10,198)	-	\$ 10,198							
Medical Assistance Program	93.778	N/A	7/1/10-6/30/11	51,131	-	-	40,267	\$ 51,131	-	-	\$ (10,864)	-	-	\$ (10,864)
<b>U.S. Department of Education Passed through State Department of Education</b>														
Education Jobs Fund	84.410A	ARRA-1610-11	7/1/10-6/30/11	510,330	-	-	467,100	510,330	-	-	(43,230)	-	-	(43,230)
Total General Fund					(10,198)	-	517,565	561,461	-	-	(54,094)	-	-	(54,094)
<b>U.S. Department of Education Passed- through State Dept. of Education</b>														
Special Revenue Funds:														
ARRA-NCLB Title I A	84.389	NCLB 1610-10	9/1/09-8/31/11	396,002	(29,455)		41,106	164,165			(208,350)	\$ 55,836		(152,514)
NCLB Title I A	84.010A	NCLB 1610-11	9/1/10-8/31/11	780,823		\$ 28,466	457,921	650,050		\$ (28,466)	(351,368)	179,239		(172,129)
NCLB Title I A	84.010A	NCLB 1610-10	9/1/09-8/31/10	641,141	(231,252)	(28,466)	371,633	148,697	\$ 8,316	28,466	(6,611)	6,611		-
ARRA-NCLB Title I SA	84.010A	NCLB 1610-09	9/1/09-8/31/11	32,465	-			12,939			(32,465)	19,526		(12,939)
NCLB Title I SA	84.010A	NCLB 1610-11	9/1/10-8/31/11			4,172		4,172		(4,172)	(4,172)	-		(4,172)
NCLB Title I SA	84.010A	NCLB 1610-09	9/1/09-8/31/10	59,083	(22,535)	(4,172)	54,911	32,376		4,172	(104,863)	69,886		(34,977)
NCLB Title IIA	84.367A	NCLB 1610-11	9/1/10-8/31/11	271,268		35,129	201,534	236,511		(35,129)	(104,863)	4,994		-
NCLB Title IIA	84.367A	NCLB 1610-09	9/1/09-8/31/10	257,689	(36,220)	(35,129)	74,843	33,629		35,129	(7,835)	7,835		-
NCLB Title IID	84.318A	NCLB 1610-11	9/1/10-8/31/11	1,792		6,043				(6,043)	(7,835)	2,957		-
NCLB Title IID	84.318A	NCLB 1610-09	9/1/09-8/31/10	6,339	(289)	(6,043)	3,246	2,897		6,043	(131)	233		-
NCLB Title IID	84.318A	NCLB 1610-09	9/1/08-8/31/09	5,881	2,999			54,017				877		(51,304)
NCLB Title III, Immigrant	84.365A	NCLB 1610-09	9/1/09-8/31/10	42,162	12,732		42,162	84,443		(24,005)	(105,622)	51,318		-
NCLB Title III	84.365A	NCLB 1610-11	9/1/10-8/31/11	111,756		24,005	33,139	84,443		(24,005)	(105,622)	1,080		-
NCLB Title III	84.365A	NCLB 1610-09	9/1/09-8/31/10	74,404	(20,166)	(24,005)	26,930	5,747	63	24,005	-	85		-
NCLB Title III	84.365A	NCLB 1610-09	9/1/08-8/31/09	71,829	(11,642)		11,642							-
NCLB Title V	84.298A	NCLB 1610-08	9/1/07-8/31/08	9,783	85									-
ARRA-I.D.E.A. Part B, Preschool	84.392	PS-0555-10	9/1/09-8/31/11	75,682			4,940	67,377			(70,742)	8,305		(62,437)
I.D.E.A. Part B, Preschool	84.173	PS-0555-10	9/1/10-8/31/11	65,201		650	36,613	51,202		(650)	(29,238)	14,649		(14,589)
I.D.E.A. Part B, Preschool	84.173	PS-0555-10	9/1/09-8/31/10	61,695	(32,941)	(650)	37,267	4,326		650	-	-		-
ARRA - I.D.E.A. Part B, Basic Regular	84.391	FT-0555-09	9/1/09-8/31/11	2,098,456	(198,935)		222,228	1,657,215			(1,787,531)	153,609		(1,633,922)
I.D.E.A. Part B, Basic Regular	84.027	FT-0555-11	9/1/10-8/31/11	1,903,125		25,615	1,166,120	1,491,085	256		(737,005)	437,911		(299,094)
I.D.E.A. Part B, Basic Regular	84.027	FT-0555-09	9/1/09-8/31/10	1,856,720	(447,135)	(25,615)	747,821	275,148	77		-	-		-



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Federal/Grantor/Pass-Through Grantor/ Program Title	Federal CFDA Number	Grant or State Project Number	Grand Period	Award Amount	Balance, July 1, 2010	Carryover Amount	Cash Received	Budgetary Expenditures	Cancellation of Prior Year's Encum- brances/Payables	Adjustment Carryover- Receivables	Balance, June 30, 2011		MEMO GAAP Receivable
											(Accounts Receivable)	Deferred Revenue	
U.S. Department of Education- Passed through State Department of Education Special Revenue Fund. (continued)	84.186A	10-555	9/1/10-6/30/11			\$ 13		\$ 17,457		\$ (13)	\$ 13		-
	84.186A	10-0555	9/1/09-8/31/10	\$ 384,660	543	(13)	\$ 17,430	\$ 8,646		13		516	-
	84.215F	Q213F040780-04	10/1/04-9/30/06		8,646	-	-			-		-	-
					(1,005,565)	-	3,551,486	4,982,099	8,712	-	(3,442,946)	1,015,480	(2,438,077)
Total Special Revenue Fund													
U.S. Department of Agriculture													
Passed-through State Dept. of Ed.													
Enterprise Fund:													
National School Lunch Program	10.555	N/A	7/1/10-6/30/11	1,177,320			1,079,468	1,177,320			(97,852)		(97,852)
			7/1/09-6/30/10	1,054,686	(92,345)		92,345						
			7/1/10-6/30/11	143,125			143,125	129,905				13,220	
			7/1/09-6/30/10	140,102	22,312			22,312					
			7/1/10-6/30/11	161,436			123,416	137,243			(13,827)		(13,827)
School Breakfast Program	10.553	N/A	7/1/10-6/30/11	93,787	(10,282)		10,282						
	10.582	N/A	7/1/09-6/30/10	28,939	(3,261)		3,261						
Total Enterprise Fund													
					(83,576)	-	1,451,897	1,466,780			(111,679)	13,220	(111,679)
Total Federal Financial Awards													
					\$ (1,099,339)	\$ -	\$ 5,520,948	\$ 7,010,340	\$ 8,712	\$ -	\$ (3,608,719)	\$ 1,028,700	\$ (2,603,850)



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS**  
**SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Cash Received	Carryover/Amount	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	(Accounts Receivable)	Deferred Revenue	Due To Grantor	MEMO	
													GAAP Accounts Receivable	Cumulative Total Expenditures
State Department of Education														
General Funds:														
Transportation Aid	10-495-034-5120-014	7/1/09-6/30/10	\$ 3,662,904	\$ (533,737)	\$ 533,737									
Special Education Aid	11-495-034-5120-089	7/1/10-6/30/11	4,647,278		4,275,377		\$ 4,647,278		\$ (371,901)					\$ 4,647,278
Special Education Aid	10-495-034-5120-089	7/1/09-6/30/10	4,535,775	(345,906)	345,906									-
Equalization Aid	11-495-034-5120-078	7/1/10-6/30/11	4,448,764		4,053,822		4,448,764		(394,942)					4,448,764
Equalization Aid	10-495-034-5120-078	7/1/09-6/30/10	4,626,391	(428,335)	428,335									-
Security Aid	10-495-034-5120-084	7/1/09-6/30/10	1,394,366	(131,677)	131,677									-
Adult Education Aid	10-495-034-5120-077	7/1/09-6/30/10	33,470	(3,160)	3,160									-
Extraordinary Aid	11-100-037-5120-473	7/1/10-6/30/11	1,545,987				1,545,987			(1,545,987)				1,545,987
Extraordinary Aid	10-100-034-5120-473	7/1/09-6/30/10	1,184,820	(1,184,820)										-
Additional Nonpublic Transportation Aid	N/A	7/1/10-6/30/11	183,333				183,333			(183,333)			\$ (183,333)	183,333
Additional Nonpublic Transportation Aid	N/A	7/1/09-6/30/10	164,617	(164,617)				\$ (42,303)						-
Demonstrably Effective Program Aid	08-495-034-5064-002	7/1/07-6/30/08	957,725	42,303				(141,373)						-
Targeted At Risk Aid	08-495-034-5120-005	7/1/07-6/30/08	963,500	141,373										-
TPAF Wage Freeze	N/A	7/1/10-6/30/11	3,064				3,064			(1,532)			(1,532)	3,064
On-behalf TPAF Pension System Contr-														-
Non-Contributory Ins.	11-495-034-5095-007	7/1/10-6/30/11	165,365		165,365									165,365
On-behalf TPAF Pension System Contr-														-
Post-Retirement Medical Contributions	11-495-034-5095-001	7/1/10-6/30/11	3,512,354		3,512,354									3,512,354
Reimbursed TPAF Social Security	11-100-034-5095-002	7/1/10-6/30/11	3,995,456		3,796,530		3,995,456			(198,926)			(198,926)	3,995,456
Reimbursed TPAF Social Security	10-100-034-5095-002	7/1/09-6/30/10	4,033,341	(199,336)	199,336									-
Total General Fund				(2,807,912)	18,796,568	-	18,501,601	(183,676)	-	(2,696,621)	-	-	(383,791)	18,501,601
Special Revenue Funds:														
Preschool Education Aid	11-495-034-5120-086	7/1/10-6/30/11	1,013,278		911,950	\$ 50,701	862,054		\$ (101,328)	\$ 201,925				862,054
Preschool Education Aid	10-495-034-5120-086	7/1/09-6/30/10	1,013,278	215,792	101,328	(50,701)	266,419							266,419
Character Education	06-495-034-5120-053	7/1/05-6/30/06	17,949	5,392			5,373			19				5,373
New Jersey Nonpublic Aid														-
Textbook Aid (Ch. 194)	11-100-034-5120-064	7/1/10-6/30/11	77,413		77,413				\$ 5,273					77,413
Textbook Aid (Ch. 194)	10-100-034-5120-064	7/1/09-6/30/10	91,726	5,273										-
Auxiliary Services (Chap. 192)														-
Compensatory Education	11-100-034-5120-067	7/1/10-6/30/11	29,137		29,137		28,802				\$ 335			28,802
Compensatory Education	10-100-034-5120-067	7/1/09-6/30/10	47,025	29,271					29,271					-
Transportation	11-100-034-5120-067	7/1/10-6/30/11	7,157		7,157							7,157		-
Transportation	10-100-034-5120-067	7/1/09-6/30/10	11,827	309					309					-
ESL	11-100-034-5120-067	7/1/10-6/30/11	1,708		1,708		1,195					513		1,195
Handicapped Services (Ch. 193)														-
Supplemental Instruction	11-100-034-5120-066	7/1/10-6/30/11	50,723		50,723		37,799					12,924		37,799
Supplemental Instruction	10-100-034-5120-066	7/1/09-6/30/10	53,361	10,035					10,035					-
Examination & Classification	11-100-074-5120-066	7/1/10-6/30/11	94,080		94,080		76,059					18,021		76,059
Examination & Classification	10-100-074-5120-066	7/1/09-6/30/10	88,835	1,099					1,099					-
Corrective Speech	11-100-034-5120-066	7/1/10-6/30/11	39,898		39,898		30,902					8,996		30,902
Corrective Speech	10-100-034-5120-066	7/1/09-6/30/10	50,216	5,918					5,918					-
Nursing Services	11-100-034-5120-070	7/1/10-6/30/11	91,731		91,731		91,731							91,731
Nursing Services	10-100-034-5120-070	7/1/09-6/30/10	108,775	6,253					6,253					-
Home Instruction	N/A	7/1/10-6/30/11	1,450				1,450			(1,450)			(1,450)	1,450
Home Instruction	N/A	7/1/09-6/30/10	9,557	(9,557)										-
Governor's Initiative on Autism	07-100-034-5065-090	4/1/07-6/30/08	146,415	(14,080)						(14,080)			(14,080)	-
Total Special Revenue Fund				255,705	1,414,682	-	1,479,197		58,158	(116,858)	201,944	47,946	(15,530)	1,479,197

See Accompanying Notes to the Schedules of Expenditures of Federal Awards and State Financial Assistance

Continued

FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF EXPENDITURES OF STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

State Grantor/Program Title	Grant or State Project Number	Grant Period	Award Amount	Balance, July 1, 2010	Cash Received	Carryover/Amount	Budgetary Expenditures	Adjustment	Refund of Prior Years' Balances	(Accounts Receivable)	Balance, June 30, 2011	MEMO	
												Due To Grantor	GAAP Accounts Receivable
State Department of Education													
Capital Projects Fund													
Economic Development Authority Grant	1610-160-01-0506		\$ 101,283			\$ 45,071	\$	(45,071)	\$	(45,071)	-	\$ 101,283	
Economic Development Authority Grant	1610-050-01-0507		534,077			104,145		(104,145)		(104,145)	-	534,077	
School Construction Corp.	1610-080-05-1000		116,699			19,018		(51,931)		(51,931)	32,913	83,786	
School Construction Corp.	1610-070-05-1000		195,798			70,717		-		(175,239)	104,522	91,276	
Total Capital Projects Fund													
				-	-	-	238,951	-	-	(376,386)	137,435	810,422	
State Department of Agriculture													
Enterprise Fund													
National School Lunch Program	11-100-034-5120-122	7/1/10-6/30/11	36,580		\$ 33,352	-	36,580			(3,228)		36,580	
National School Lunch Program	10-100-034-5120-122	7/1/09-6/30/10	52,187	\$ (4,506)	4,506							-	
Breakfast Program	10-100-010-3350-021	7/1/09-6/30/10	6,752	(744)	744							-	
Total Enterprise Fund													
				(5,250)	38,602	-	36,580	-	-	(3,228)	-	36,580	
Total State Financial Assistance													
			\$ (2,557,457)	\$ 20,249,852	\$ -	\$ -	\$ 20,256,329	\$ (183,676)	\$ 58,158	\$ (3,193,093)	\$ 339,379	\$ 47,946	\$ 20,827,800
State Financial Assistance Not Subject to Single Audit Determination													
General Fund													
On-Behalf TPAF Pension System Contribution			(165,365)				(165,365)		-			-	
On-Behalf TPAF Post-Retirement Med. Contrib.			(3,512,354)				(3,512,354)		-			-	
Total State Financial Assistance Subject to Single Audit													
			\$ (2,557,457)	\$ 16,572,133	\$ -	\$ -	\$ 16,578,610	\$ (183,676)	\$ 58,158	\$ (3,193,093)	\$ 339,379	\$ 47,946	\$ 20,827,800

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 1 GENERAL**

The accompanying schedules present the activity of all federal and state financial assistance programs of the Franklin Township Public Schools. The Board of Education is defined in Note 1(A) to the Board's basic financial statements. All federal financial assistance received directly from federal agencies, as well as federal awards and state financial assistance passed through other government agencies is included on the schedule of expenditures of federal awards and state financial assistance.

**NOTE 2 BASIS OF ACCOUNTING**

The accompanying schedules are presented using the budgetary basis of accounting with the exception of programs recorded in the food service fund, which are presented using the accrual basis of accounting. These bases of accounting are described in Notes 1(C) to the Board's basic financial statements.

**NOTE 3 RELATIONSHIP TO BASIC FINANCIAL STATEMENTS**

The basic financial statements present the general fund and special revenue fund on a GAAP basis. Budgetary comparison statements or schedules (RSI) are presented for the general fund and special revenue fund to demonstrate finance-related legal compliance in which certain revenue is permitted by law or grant agreement to be recognized in the audit year, whereas for GAAP reporting, revenue is not recognized until the subsequent year or when expenditures have been made.

The general fund is presented in the accompanying schedules on a modified accrual basis with the exception of the revenue recognition of the delayed state aid payments in the current budget year, which is mandated pursuant to N.J.S.A. 18A:22-44.2.. For GAAP purposes, those payments are not recognized until the subsequent year due to the state deferral and recording of certain state aid payments in the subsequent year. The special revenue fund is presented in the accompanying schedules on the grant accounting budgetary basis which recognizes encumbrances as expenditures and also recognizes the related revenues, which may include the delayed state aid payments, whereas the GAAP basis does not. The special revenue fund also recognizes the delayed state aid payments in the current budget year, consistent with N.J.S.A. 18A:22-44.2.

The net adjustment to reconcile from the budgetary basis to the GAAP basis is an increase of \$314,805 for the general fund and a decrease of \$641,774 for the special revenue fund. See the Notes to Required Supplementary Information for a reconciliation of the budgetary basis to the modified accrual basis of accounting for the general and special revenue funds. Awards and financial assistance revenues are reported in the Board's basic financial statements on a GAAP basis as presented as follows:

	<u>Federal</u>	<u>State</u>	<u>Total</u>
General Fund	\$ 561,461	\$ 18,816,406	\$ 19,377,867
Special Revenue Fund	4,243,040	1,580,803	5,823,843
Capital Projects Fund		238,951	238,951
Food Service Fund	1,457,688	36,580	1,494,268
Total Financial Assistance	<u>\$ 6,262,189</u>	<u>\$ 20,672,740</u>	<u>\$ 26,934,929</u>

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
NOTES TO THE SCHEDULES OF EXPENDITURES OF  
FEDERAL AWARDS AND STATE FINANCIAL ASSISTANCE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE 4 RELATIONSHIP TO FEDERAL AND STATE FINANCIAL REPORTS**

Amounts reported in the accompanying schedules may not necessarily agree with the amounts reported in the related federal and state financial reports due to timing differences between the District's fiscal year and grant program years.

**NOTE 5 OTHER INFORMATION**

Revenues and expenditures reported under the National School Lunch Program as non-cash assistance represent current year value received and current year distributions, respectively of the Federal Food Distribution Program. TPAF Social Security contributions in the amount of \$3,995,456 represents the amount reimbursed by the State for the employer's share of social security contributions for TPAF members for the year ended June 30, 2011. The amount reported as TPAF Pension System Contributions in the amount of \$165,365 and TPAF Post-Retirement Medical Benefits Contributions in the amount of \$3,512,354 represents the amount paid by the State on behalf of the District for the year ended June 30, 2011.

**NOTE 6 ON-BEHALF PROGRAMS NOT SUBJECT TO STATE SINGLE AUDIT**

On-behalf State Programs for TPAF Pension and Post-Retirement Medical Benefits Contributions are not subject to a State single audit and, therefore, are excluded from major program determination. The Schedule of State Financial Assistance provides a reconciliation of State financial assistance reported in the District's basic financial statements and the amount subject to State single audit and major program determination.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part I – Summary of Auditor's Results*

**Financial Statement Section**

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

1) Material weakness(es) identified?                      yes       X       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                      yes       X       none reported

Noncompliance material to the basic financial statements noted?                      yes       X       no

**Federal Awards Section**

Internal Control over compliance:

1) Material weakness(es) identified?                      yes       X       no

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses?                      yes       X       none reported

Type of auditor's report on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 (section.510(a))?                      yes       X       none

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>84.391</u>	<u>ARRA-IDEA, Part B Basic</u>
<u>84.027</u>	<u>IDEA, Part B Basic</u>
<u>84.173</u>	<u>IDEA Preschool</u>
<u>84.010</u>	<u>Title I &amp; Title I SA</u>
<u>84.389</u>	<u>ARRA-Title I</u>
<u>10.555</u>	<u>National School Lunch Program</u>
<u>84.410A</u>	<u>Education Jobs Fund</u>
<u>84.392</u>	<u>ARRA - IDEA Preschool</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 300,000

Auditee qualified as low-risk auditee?                      yes       X       no

## State Awards Section

1) Material weakness(es) identified? \_\_\_\_\_yes Xno

2) Were significant deficiency(ies) identified that were not considered to be material weaknesses? yes X none reported

Any audit findings disclosed that are required to be reported in accordance with N.J. OMB Circular 04-04, as amended?	X	yes	none
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<u>State Grant/Project Number (s)</u>	<u>Name of State Program</u>
11-495-034-5120-078	Equalization Aid
11-495-034-5120-089	Special Education Aid Categorical Aid
11-100-034-5120-473	Extraordinary Spec.-Education Aid
11-495-034-5120-086	Preschool Education Aid
11-495-034-5095-002	Reimbursed TPAF Social Security Contr.

Dollar threshold used to distinguish between Type A and	\$ 497,358
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Auditee qualified as low-risk auditee? \_\_\_\_\_ yes  X  no

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

***Part 2 – Schedule of Financial Statement Findings***

This section identifies the significant deficiencies, material weaknesses, fraud, illegal acts, violations of provisions of contracts and grant agreements and abuse related to the financial statements in accordance with Government Auditing Standards.

There are none.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR FEDERAL AWARDS**

There are none.



**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

*Part 3 – Schedule of Federal and State Award Findings and Questioned Costs*

This section identifies the significant deficiencies, material weaknesses, and instances of noncompliance, including questioned costs, related to the audit of major federal and state programs, as required by OMB Circular A-133 and New Jersey OMB's Circular 04-04, as amended.

**CURRENT YEAR STATE AWARDS**

**Finding 2011-1**

Our audit of the District's Extraordinary Aid Application noted numerous instances where either the tuition rate or the number of days reported was incorrect. In addition, one student was reported on the application twice.

**Information on the State Program**

Extraordinary Aid

**Criteria or Specific Requirement**

N.J. Department of Education – Grant Compliance Supplement.

**Condition**

Tuition rates and/or number of days reported were incorrect. In addition, one student was reported twice on the application.

**Questioned Costs**

None.

**Context**

See Condition

**Effect**

Tuition rates and/or number of days identified on the Extraordinary Aid Application for eligible students could not be readily verified to actual costs/attendance records.

**Cause**

Unknown

**Recommendation**

Greater care be exercised over the preparation of the Extraordinary Aid Application.

**Views of Responsible Officials and Planned Corrective Action**

Management has reviewed this finding and has indicated it will implement procedures to ensure corrective action is taken.

**FRANKLIN TOWNSHIP PUBLIC SCHOOLS  
SUMMARY SCHEDULE OF PRIOR YEAR AUDIT FINDINGS  
AND QUESTIONED COSTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

This section identifies the status of prior-year findings related to the basic statements and federal and state awards that are required to be reported in accordance with Chapter 6.12 of Government Auditing Standards, U.S. OMB Circular A-133 (section .315(a)(b) and New Jersey OMB's Circular 04-04, as amended.

**STATUS OF PRIOR YEAR FINDINGS**

**Finding 2010-1, 2010-2 and 2010-3**

**Condition**

Line item account determinations were not being carefully reviewed and/or monitored, which resulted in certain misclassifications.

**Current Status**

Corrective action has been taken.

**Finding 2010-4**

**Condition**

The District engaged with a vendor for professional services where no evidence of a formal executed contract, Board approval or contract advertisement existed.

**Current Status**

Corrective action has been taken.